



**City of Brisbane, California**  
**Comprehensive Annual**  
**Financial Report for the**  
**Fiscal Year Ended June 30, 2012**



*Providing Quality Services*

**CITY OF BRISBANE**  
**CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Prepared by:**  
**City of Brisbane, Finance Department**  
**Stuart Schillinger, Administrative Services Director**

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## INTRODUCTORY SECTION

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**City of Brisbane  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2012**

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## CITY OF BRISBANE

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January 23, 2013

To the Honorable Mayor and City Council, and Citizens of the City of Brisbane:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Brisbane for the fiscal year ended June 30, 2012.

This report was prepared under the direction of the City's Administrative Services Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City of Brisbane's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants. They concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Brisbane's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Brisbane is a community of 4,282 residents (2010 census) situated in Northern San Mateo County on the west side of San Francisco Bay. Brisbane borders the cities of San Francisco, Daly City and South San Francisco. The San Bruno Mountain range surrounds Brisbane to the west and the San Francisco Bay is the easterly border of the city. Due to the natural topography, there is no standard lot size or share and thus the housing in Brisbane is much more individualistic, free from the multiple housing tracts seen in many cities. There is intense town spirit and pride and friendliness that would be expected of a small community within sight of the San Francisco skyline. The Council and community prides itself on being environmentally-progressive and respecting and caring for all individuals in the community.

The City has operated under the Council-Manager form of municipal government since it incorporated in 1961. The City Council is comprised of five members elected at large to four-year terms. Two Council members are elected in November of one odd-numbered year and three are elected in the following odd-numbered year. The Council selects the Mayor from its members. The City Manager is appointed by and serves at the pleasure of the City Council. The City Manager is responsible for implementing the policy decisions of the City Council and supervising all operations of city government.

*Providing Quality Services*



The City of Brisbane provides a wide range of municipal services, including police and fire protection, water and sewer utilities, street maintenance, parks and recreation, planning, building and safety, marina and other general government services.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood within the specific environment the City operates.

**Local economy.** The City is part of the general San Francisco/Silicon Valley area. There are a handful of businesses that make up a sizable portion of City revenues. The five largest Sales Tax producers are over 77 % of all Sales Tax collected. This percentage demonstrates the City's need to diversify. Staff is working with other businesses and the Chamber of Commerce to create economic development.

In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point. The City's revenue from room tax increased this year because of an increase in tourism for the America's Cup races.

The City has been notified that one of our largest sales tax providers is planning on moving its operations out of Brisbane in 2013. We are uncertain of the timing because the management of this business has been unwilling to talk to city management. However, a large recycling firm wants to expand within the city limits and has agreed to a special business license tax that will offset the loss of the sales tax.

Located within the limits of the City of Brisbane is one the largest (over 500 acres) undeveloped commercial parcel of land within San Mateo County. This parcel is contiguous with the boundaries of the City/County of San Francisco and is located within seven minutes of the San Francisco International Airport. The commercial development of this parcel is expected to take place over the next 30 years. While the related economic benefits to the City from the development of this parcel cannot be estimated it is anticipated to be significant, possibly capable of providing the City with future fiscal stability.

### **Long-term financial planning.**

The City has taken great strides in long-term financial planning. Staff continuously works on a five-year forecast. This provides Council and the community greater information on projects and issues that will be affecting the community in the near future.

The city uses a two-year budget process with a capital improvement program reviewed in the off year. Given the uncertainty of the current economy, the two year budget for fiscal years 2011-2013 was presented and only the current fiscal year being adopted (FY 2011-2012). The budget was updated for FY 2012-2013.

With the upcoming loss of the City's largest sales tax provider, the Council and staff are exploring other ways of achieving citizens' goals with decreasing revenues and decreases in staff. This includes reviewing what the city currently provides, what the city must provide and brainstorming ways to close the budget gap. Since fiscal year ending 2008, the City has lost twenty full-time employees to retirement and attrition. Within the next two years we expect to lose more. Most of these positions will not be filled in the foreseeable future.

The State of California legislation to dissolve all redevelopment agencies (AB 1X 26) was upheld by the courts. At the same time AB 1X 27 was denied. Effective January 31, 2012 the City of Brisbane became the Successor Agency to the Brisbane Redevelopment Agency as well as becoming the Housing Authority. The bill limits the use of tax increment to defined enforceable obligations and \$250,000 in administration fees. Those fees have

been used to pay the numerous audits and financial reviews of the former redevelopment agency and its transfers to the Successor Agency. It also pays for the expenses of the mandated Oversight Board.

**Cash management policies and practices.** The City's investment management plan addresses a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. Under the City's policies, investments in the City's portfolio are intended to be held until maturity, and accordingly, investment terms are selected for consistency with the City's cash flow needs. Reports are issued monthly to the City Council by the Administrative Services Department providing detailed information regarding the city's investments and compliance with City policy. Under the City's investment policies, the City's primary investment objective is to ensure the principal of its capital while striving to achieve a reasonable rate of return. The past year has proven challenging in finding long-term (up to five years) investment instruments.

**Risk management.** Risk management activities are the coordinated effort of all city management staff. The City is self insured for Workers' Compensation and participates in Bay Cities for excess insurance above \$150,000. Additionally, the City is a member of Bay Cities Joint Powers Insurance Group which provides coverage for liability, auto and property damage. This entity operates in accordance with joint powers authority agreements between member cities to provide the various programs. Staffs of the two pools provide services to the City of risk identification, evaluation, and treatment; workers compensation and liability claims administration; safety training and special events coverage.

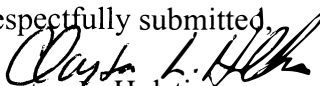
### **Internal Accounting Controls**

Internal accounting controls are designed by the City to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. It is the City's responsibility to evaluate the costs and benefits of the controls it implements to adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. As the number of employees has decreased, maintaining separation of duties has become more challenging. The city is implementing compensating controls where needed.

### **Awards and Acknowledgements**

For many years, the City received the Certificate of Achievement for Excellence in Financial Reporting from GFOA. Although we have not applied for the award due to budgetary constraints we continue to maintain the same quality in this year's report. This will allow us to submit the CAFR when economic times improve.

The preparation and development of this report would not have been possible without the year-round efficiency of the Department of Finance staff and their special efforts, working in conjunction with the City's independent auditors, to produce this document. We would like to take this opportunity to compliment all those staff members of both the City and our independent auditors who were associated with the preparation of this report. We would also like to thank the City Council for their continued support and interest in planning and conducting their financial operations of the City in a responsible and progressive manner.

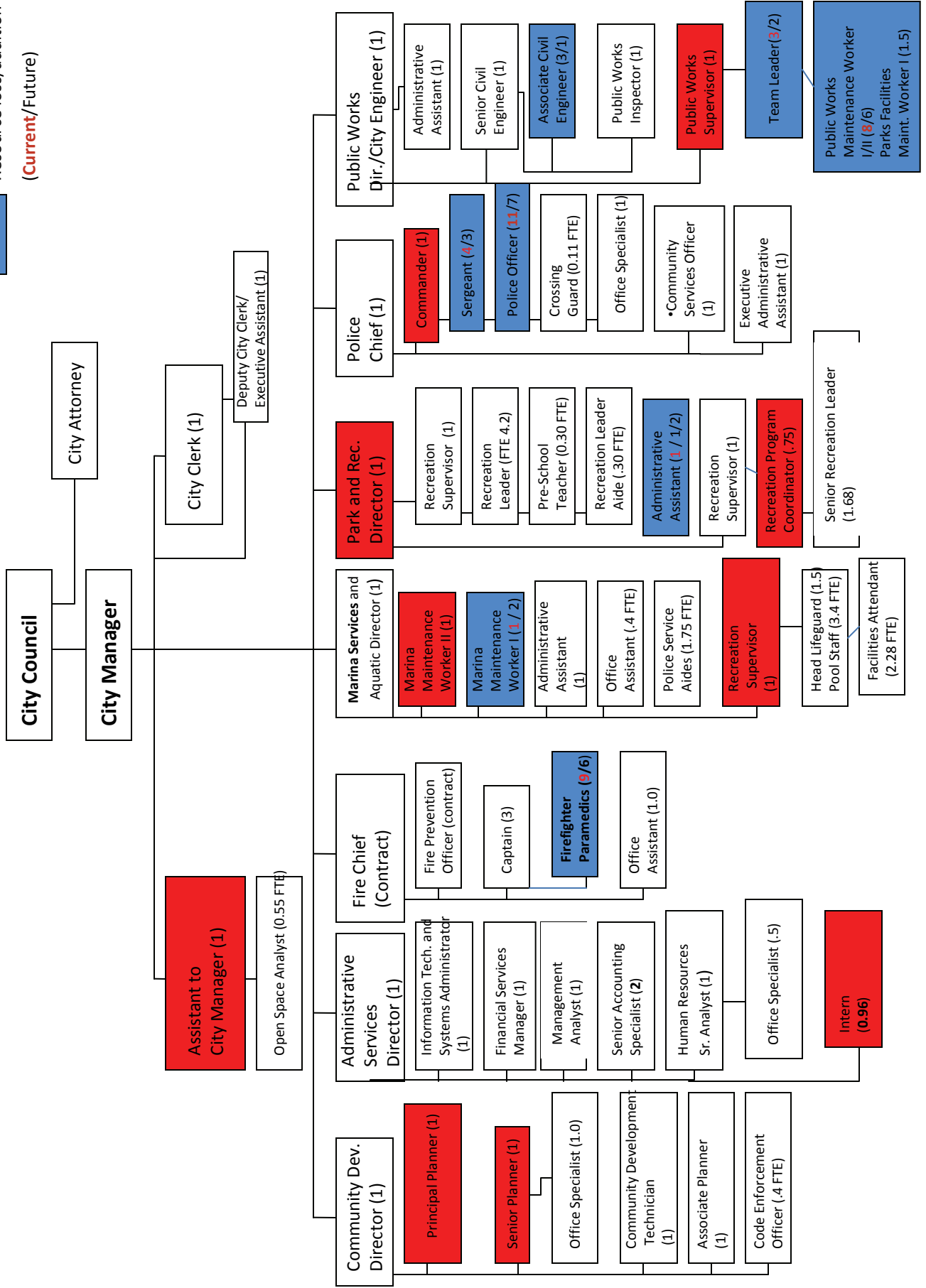
Respectfully submitted,  
  
Clayton L. Holstine  
City Manager

  
Stuart Schillinger  
Administrative Services Director

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# City of Brisbane Organizational Chart

Future Closed Position  
 Resource loss/addition  
 (Current/Future)



**City of Brisbane**  
**Principal Officials of the City of Brisbane, California**  
**For the year ended June 30, 2012**

**PRINCIPAL OFFICIAL OF THE CITY OF BRISBANE, CALIFORNIA**  
**BRISBANE COMMUNITY REDEVELOPMENT AGENCY**  
**SUCCESSOR AGENCY TO THE BRISBANE REDEVELOPMENT AGENCY**  
**GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT**  
**AND**  
**BRISBANE PUBLIC FINANCING AUTHORITY**

**2011-2012**

**CITY COUNCIL/BOARD MEMBERS**

Cliff R. Lentz, Mayor /Board Chairman  
Raymond C. Miller, Council Mayor Pro Tem/Board Vice-Chairman  
W. Clarke Conway, Council Member/Board Member  
Terry O'Connell, Council Member/Board Member  
A. Sepi Richardson, Council Member/Board Member

**STAFF MEMBERS**

Clayton L. Holstine  
City Manager, Agency Executive Director, District Manager

Harold S. Toppel  
City Attorney, Agency/District Legal Counsel

Stuart Schillinger  
Administrative Services Director/Treasurer

John A. Swiecki  
Planning Director

Lisa Macias  
Police Chief

Randy Breault  
Public Works Director/City Engineer

Sheri Spediacci  
City Clerk

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council  
City of Brisbane, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane at June 30, 2012 and the results of its operations and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As discussed in Note 15, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Brisbane Community Redevelopment Agency (Agency) has been dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Agency prior to the date of dissolution may be subject to review by the State as discussed in Note 15, but the effect of that review cannot be determined as of June 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and budgetary comparison information for the General Fund and the Community Redevelopment Agency Special Revenue Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the City's, financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Maze & Associates*

January 23, 2013

## *Management's Discussion and Analysis*

As management of the City of Brisbane, we offer readers this discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages iii-v of this report.

### **FINANCIAL HIGHLIGHTS**

This fiscal year saw the dissolution of the Brisbane Redevelopment Agency as required by California State Law ABx1 26 effective February 1, 2012. The City elected to become the Successor Agency to the redevelopment agency's two project areas as well taking over the Low and Moderate Income Housing Agency as the Successor Housing Authority. The dissolution required all unencumbered assets be returned to the county for distribution to the underlying taxing agencies which includes the City.

The Assets and Liabilities of the Successor Agency are held in a Private Purpose Trust Fund. The first five months of the redevelopment agency are presented as a Special Revenue Fund. The Successor Housing Authority is a Special Revenue Fund of the City.

For fiscal year 2011-12, the City revenues have increased by \$1.8 million (8%) mostly due to continuing adjustments to the Sales Tax and to reclassifying the debt service from RDA to the Public Financing Authority as investment income.

Fiscal Year 2011-12 financial highlights include the following:

- The assets of the City of Brisbane exceed its liabilities by \$86,030,372 (net assets). Of this amount, \$51,914,403 is Government Activities and \$34,115,969 is Business-Type Activities. The increase of about \$19 million stems from reclassifying Redevelopment Debt to a Private Purpose Trust Fund. Fiduciary Funds are not part of the Government-wide statements. (see Note 15).
- The Government-wide Current assets exceeded its current liabilities by \$7,266,594. This million dollar decrease from fiscal year 2011 is due to the dissolution of the redevelopment agency. Cash and other assets were reclassified to a Private Purpose Trust Fund.
- The City's Capital Assets decreased slightly over the previous year. This is due to the removal of the Capital Assets of the former redevelopment agency.
- The General Fund's Revenues (excluding transfers) increased by \$2.7 million with 71% coming from Taxes and Special Assessments which is a carryover of the corrections by the California Board of Equalization in prior years.
- The City's General Fund Expenditures (excluding transfers) decreased by \$408,965 as the City has continued looking for ways to reduce expenses.
- The City's General Fund Fund Balance increased by \$1,928,887 due to the catch up correcting payment of sales tax as well as a transfer from the Fringe Benefit Fund.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Brisbane's basic financial statements which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.



**Government-Wide financial statements.** The *government-wide financial statements* provide a corporate-like long-term view of the City's activities as a whole, and include the Statement of Net Assets and the Statement of Activities. They are presented using the accrual basis of accounting.

The *statement of net assets* is designed to show bottom line results for the City and its governmental activities. This statement uses full-accrual basis and combines and consolidates governmental funds' current financial resources (short-term spendable assets) with capital assets and long-term obligations.

The *statement of activities* is focused on both the gross and net cost of various activities that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services.

The *governmental activities* in the Statement of Activities reflect the City's basic services including general government (City Council, City Manager, City Attorney, City Clerk, Human Resources, Finance, and Community Development), Police, Fire, and Public Works. These services are supported by general City revenues such as sales taxes, property taxes, hotel taxes, and by specific program revenues such as fees.

The City's governmental activities include the activities of the City of Brisbane's former Redevelopment Agency for the first five months of the fiscal year. The Redevelopment Agency was dissolved under California State Law AB 1x 26 on January 31, 2012. Its assets and liabilities have been transferred to the City of Brisbane as the Successor Agency.

*Business-type activities* in the Statement of Activities reflect the City's enterprise activities. This includes the Utility Fund (Water, Sewer, and GVMID) and Park and Recreation Fund (Parks and Recreation, and Marina). Unlike governmental services, these services are supported by charges paid by users for the amount of service they use. However, the City does supplement the Park and Recreation programs in order to make them affordable to our citizens.

The government-wide financial statements can be found of pages 14 to 15 of this document.

**Fund Financial Statements.** A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brisbane, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflow of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the Fund Financials by major funds. The General Fund is always considered a major fund while other major funds are determined by formula and may change from year to year. Data from the non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the required supplementary information section of this report.

The Governmental Major Fund statements are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated with it.

Governmental fund financial statements are prepared on the modified accrual basis of accounting, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities are presented only in the government-wide financial statements.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

**Proprietary funds.** The City of Brisbane maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide statements. The City uses enterprise funds to account for its Water and Sewer Utility Services and for its Park and Recreation programs. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its employee's health and retirement benefits (health, dental, fringe & OPEB) and risk management (workers comp and liability insurance).

Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility and the Parks and Recreations which are both considered major funds.

Since the City's Internal Service Funds provide goods and services only to the City's Governmental and Business-type Activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City funds. These revenues are eliminated in the Government-Wide Financial Statements and any related profits or losses are returned to the activities that created them, along with any residual net assets of the Internal Services Funds. Individual fund data for the internal service funds are provided in the form of combining statements in the required supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Comparison of Budget and Actual financial information is presented for the General Fund and Major Special Revenue Funds in the Required Supplementary Information. Budget and Actual financial information for non-major funds is presented in the Supplementary Information.

**Fiduciary Statements.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements. The accounting for these funds is similar to that used for proprietary funds.

The fiduciary fund financials can be found on pages 28-29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-81 of this report.

**Other supplemental information.** In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information* in this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the basic financial statements as other supplemental information. Combining and individual fund statements and schedules can be found on pages 92-121 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects a condensed Statement of Net Assets compared to the prior year.

**Government-Wide  
Statement of Net Assets  
As of June 30,  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 10,742	\$ 17,049	\$ 2,477	\$ 1,783	\$ 13,219	\$ 18,832
Capital assets	49,427	49,945	36,033	36,278	85,459	86,223
Other non-current assets	32,806	24,491	525	549	33,331	25,040
Total assets	<u>\$ 92,974</u>	<u>\$ 91,485</u>	<u>\$ 39,035</u>	<u>\$ 38,610</u>	<u>\$ 132,009</u>	<u>\$ 130,096</u>
Current liabilities	\$ 5,190	\$ 5,473	\$ 762	\$ 839	\$ 5,952	\$ 6,313
Non-current liabilities	35,870	52,618	4,157	4,219	40,026	56,837
Total liabilities	<u>\$ 41,060</u>	<u>\$ 58,091</u>	<u>\$ 4,919</u>	<u>\$ 5,058</u>	<u>\$ 45,979</u>	<u>\$ 63,150</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 38,064	\$ 20,782	\$ 32,305	\$ 32,503	\$ 70,369	\$ 53,285
Restricted	19,006	19,399	848	848	19,854	20,246
Unrestricted	(5,156)	(6,786)	964	201	(4,192)	(6,585)
Total net assets	<u>\$ 51,914</u>	<u>\$ 33,394</u>	<u>\$ 34,116</u>	<u>\$ 33,552</u>	<u>\$ 86,030</u>	<u>\$ 66,946</u>

For more detailed information see the Statement of Net Assets (page 14).

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City of Brisbane, assets exceeded liabilities by \$86 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (\$70,368,868) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$19,853,639) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2012, the City shows a negative balance for unrestricted net assets of \$4,192,135. This is an improvement over the prior year due to reclassifying the Redevelopment to the Successor Agency. The total net assets increased by \$19,084,339. \$16,063,548 represents the assets transferred to/liabilities assumed by the Successor Agency.

**Government-wide  
Statement of Changes in Net Assets  
As of June 30,**

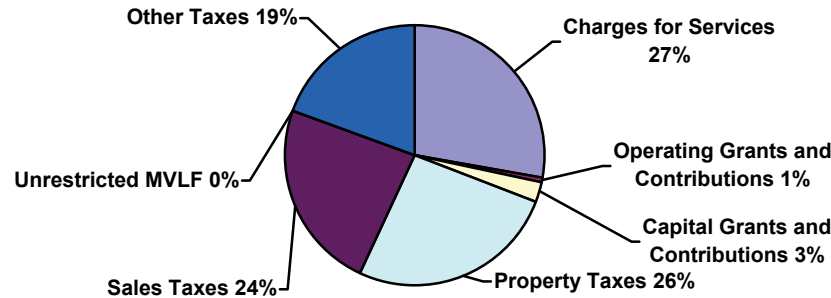
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 5,270	\$ 5,085	\$ 6,403	\$ 5,974	\$ 11,673	\$ 11,059
Operating contributions and grants	132	637	-	-	132	637
Capital contributions and grants	490	170	102	862	592	1,032
Total program revenues	<u>5,892</u>	<u>5,892</u>	<u>6,505</u>	<u>6,836</u>	<u>12,396</u>	<u>12,728</u>
General revenues:						
Property taxes	4,950	6,337	29	29	4,979	6,366
Sales taxes	4,496	2,842	-	-	4,496	2,842
Motor vehicle license fee taxes	2	13	-	-	2	13
Transient occupancy tax	1,560	1,306	-	-	1,560	1,306
Other taxes	494	458	185	-	679	458
Total taxes	<u>11,501</u>	<u>10,956</u>	<u>214</u>	<u>29</u>	<u>11,716</u>	<u>10,984</u>
Investment earnings (loss)	1,587	98	3	94	1,590	192
Other revenue	75	8		33	75	41
Total revenues	<u>\$ 19,055</u>	<u>\$ 16,953</u>	<u>\$ 6,722</u>	<u>\$ 6,992</u>	<u>\$ 25,777</u>	<u>\$ 23,945</u>
Expenses:						
General government	\$ 5,123	\$ 4,279	\$ -	\$ -	\$ 5,123	\$ 4,279
Public safety - police	2,931	3,185	-	-	2,931	3,185
Public safety - fire	2,756	2,560	-	-	2,756	2,560
Public works	1,901	3,160	-	-	1,901	3,160
Interest on long-term debt	2,879	2,431	-	-	2,879	2,431
Water	-	-	1,132	1,360	1,132	1,360
Sewer	-	-	1,340	1,340	1,340	1,340
Guadalupe Valley Municipal Improvement District	-	-	1,352	1,352	1,352	1,352
Parks and recreation	-	-	3,342	3,426	3,342	3,426
Total expenses	<u>\$ 15,590</u>	<u>\$ 15,615</u>	<u>\$ 7,167</u>	<u>\$ 7,479</u>	<u>\$ 22,756</u>	<u>\$ 23,094</u>
Increase/decrease in net assets before transfers	\$ 3,465	\$ 1,339	\$ (444)	\$ (488)	\$ 3,021	\$ 851
Transfers	(1,008)	(745)	1,008	745	-	-
Extraordinary items	16,064				16,064	-
Increase/decrease in net assets	<u>18,520</u>	<u>594</u>	<u>564</u>	<u>257</u>	<u>19,084</u>	<u>851</u>
Net assets - beginning of year	<u>33,394</u>	<u>32,801</u>	<u>33,552</u>	<u>33,294</u>	<u>66,946</u>	<u>66,096</u>
Net assets - end of year	<u>\$ 51,914</u>	<u>\$ 33,395</u>	<u>\$ 34,116</u>	<u>\$ 33,552</u>	<u>\$ 86,030</u>	<u>\$ 66,947</u>

**Governmental activities.** Program revenues generated 48% of the City's governmental revenues. The major sources of these revenues are providing services to outside agencies, redistributing the cost of governmental services to the operating departments through a cost allocation plan, and revenue received through the Finance Department. The City received \$500 thousand less in grants compared to the prior year. The City's property tax revenues decreased 22% reflecting the continued downturn and reassessments in the housing market. The Sales Tax revenue increased \$1.7 million over the prior year as the State corrects the amount to the City by the prior year's corrections. The City is budgeting sales tax down in preparation for the departure of our largest sales tax provider.

As would be anticipated in a government, those areas which provide the least private-good oriented services have the highest net cost. Police and Fire services are provided to the whole community and City Council has made the decision that these services should be paid for by the community as a whole through its general taxes (Property, Sales, and others).

## Resources by Source - Governmental Activities



**Business-type Activities.** Business-type activities increased the City's net assets by \$564,000 a \$300,000 change over the prior year. Business-type net assets account for 50% of the City's total net assets.

- Program revenues decreased by \$331,000. Capital Grants were attained for some Park & Recreation projects.
- Expenses decreased by 4.17% (\$312,000) due to the City's efforts to contain costs.

### ***THE CITY FUNDS***

#### **Governmental Funds**

At June 30, 2012, the City's Governmental Funds reported combined Fund Balances of \$32,990,287 an increase of \$3.2 million (10.5 percent) compared with last year. This can be attributed to moving the Redevelopment assets and liabilities to a private purpose trust fund.

The Governmental Fund revenues increase of \$2.4 million is from sales taxes and transit occupancy taxes. The City sales tax was overpaid in fiscal year 2010, decreased in fiscal year 2011 and still being corrected in fiscal year 2012. The timing of the corrections impacts the estimated sale tax paid. We believe the 2012 Sales Tax receipt more accurately reflects what the City receives in a single fiscal year compared to either FY 2010 or FY 2011.

Governmental Fund expenditures increased \$1.1 million due to removing the community redevelopment special revenue fund from governmental funds.

*General Fund* – The General Fund ended the year with a fund balance of \$9.5 million. Of this amount, \$2.6 million is nonspendable including: Encumbrances, Advances to Other Funds, and Loans Receivables. The Unassigned portion of the Fund Balance is \$6.8 million. The General Fund's reserves still exceed the Council's policy of 50% of its expenditures in reserves.

The City's tax revenues saw an increase from FY 2010/11. As stated before, Sales Tax increased \$1.7 million based on prior years' errors made by the state. Property Tax decreased \$1.4 million with the dissolution of the redevelopment agency and the Transient Occupancy Tax showed an increase of \$254 thousand from the previous year because of improving tourist activity. The City's revenues reflect the current state of the economy in the Bay Area.

Staff continued to look for ways to reduce expenditures with minimal impacts to the community. City staff again gave up their cost of living increases. As employees retired, their positions were not filled and remaining staff has stepped

up to cover the work to be done. These decreases in expenditures were offset with increases in health, workers compensation, and liability insurance as well as an increase in retirement obligations.

*Community Redevelopment Special Revenue Fund* – The Community Redevelopment Special Revenue Fund was dissolved by California state law effective January 31, 2012. We have presented seven months of revenues, expenditures and changes in fund balance as a major fund. The City of Brisbane elected to become the Successor Agency to the Redevelopment Agency and the Successor Housing Agency to the Low and Moderate Income Housing. The assets and liabilities of the Project Areas were transferred to a Private Purpose Trust Fund and the Assets of the Low and Moderate Income Housing Fund was transferred to a Low/Mod Income Housing Asset Special Revenue Fund. The net of the transfers is presented as an extraordinary item.

*Low/Mod Income Housing Asset Special Revenue Fund* – As stated in the above paragraph, the City elected to become the Successor Housing Agency effective February 1, 2012. This fund represents the loans receivable for the First Time Home Buyers program, as well as a loan for the Senior Housing. There is no longer a required 20% set-a-side for Low/Moderate Income Housing and all unencumbered cash was returned to the successor agency and back to the underlying agencies.

*Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund* – This fund had a decrease in fund balance for the payment of the debt service. The debt service is financed by the payment on the Redevelopment Agency 2001 Tax Allocation Bonds.

### **Proprietary funds**

At June 30, 2012, the City's Enterprise Funds reported combined net assets of \$34.1 million which is an increase of about \$564 thousand from FY 2010/11.

*Utility Fund* – Water and sewer rates increased for half of FY2011/12. This was done to cover the increased costs from the City's water supplier and to meet ongoing debt service covenants.

*Parks and Recreation Fund* – In FY 2011/12 the City still saw an operating loss. Operating revenues increased by \$160 thousand due to some rate increases and the operating expenditures increased by \$84 thousand. The General Fund increased its subsidy to Parks and Recreation programs by \$220 thousand. One of the endearing aspects of the City of Brisbane is the ability for its citizens to connect with other citizens in a small town atmosphere. In order to maintain this, the City aggressively supports recreation opportunities for all segments including children, teens and seniors. In order to ensure all residents have access to our programs we subsidize our programs with General Tax revenues.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund expenditures came in under budget by \$946 thousand. The expenditure savings were the result of a Government-Wide effort to cut costs in order to ensure that the City would be able to maintain its commitment to long-term financial stability. The General Fund total revenues were over the adopted budget estimates by \$971 thousand. This was mostly due to the correction in Sales Tax.

### **CAPITAL ASSETS**

The City of Brisbane's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$85,459,275 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and structures, machinery and equipment, infrastructure (streets, lighting, traffic signals), park facilities, sewer and water infrastructure (water tanks, sewer lift stations, pipes, force mains), and the marina. The total decrease in the investment in capital assets for the current fiscal year was \$764 thousand (\$518 thousand decrease for governmental activities and \$246 thousand decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Replaced one police vehicle per the City's rotation schedule.
- Finished Crystal Springs Aqueduct project and converted CIP to infrastructure
- Moved redevelopment capital assets to private purpose trust (\$2.5 million)

### Capital Assets As of June 30,

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Non-depreciable assets:</b>						
Land	\$ 11,535	\$ 11,991	\$ 1,111	\$ 1,111	\$ 12,646	\$ 13,102
Construction in progress	15,402	15,122	64	178	15,466	15,300
Total non-depreciable assets	26,937	27,113	1,175	1,289	28,112	28,402
<b>Depreciable assets:</b>						
Land improvements	1,618	1,616	9,773	9,773	11,391	11,389
Buildings and structures	12,870	12,867	13,419	13,279	26,289	26,146
Machinery and equipment	2,704	2,665	875	923	3,579	3,588
Infrastructure	15,577	15,456	32,178	31,329	47,755	46,785
Total depreciable assets	32,768	32,604	56,246	55,305	89,015	87,909
Less accumulated depreciation	(10,278)	(9,772)	(21,389)	(20,315)	(31,667)	(30,087)
Total depreciable assets, net	22,490	22,832	34,858	34,990	57,347	57,822
<b>Total capital assets</b>	<b>\$ 49,427</b>	<b>\$ 49,945</b>	<b>\$ 36,033</b>	<b>\$ 36,278</b>	<b>\$ 85,459</b>	<b>\$ 86,223</b>

Additional information on the City of Brisbane's capital assets can be found in note 6 on pages 47-49 of this report.

### DEBT ADMINISTRATION

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$38,570. Of this amount, \$3,295 comprises debt backed by the full faith and credit of the government. The remaining debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

#### Long-Term Debt

at June 30,

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Pension obligation bonds	\$ 3,295	\$ 3,630	\$ -	\$ -	\$ 3,295	\$ 3,630
Revenue bonds	31,368	49,020	3,660	3,775	35,028	52,795
Energy conservation loan	179	190			179	190
Capital lease	-	-	68	91	68	91
<b>Total</b>	<b>\$ 34,842</b>	<b>\$ 52,840</b>	<b>\$ 3,728</b>	<b>\$ 3,866</b>	<b>\$ 38,570</b>	<b>\$ 56,706</b>

The total debt decreased by \$18 million during the current fiscal year. \$16 million was transferred to the Successor Agency and \$2 million was debt service payments.

The City of Brisbane maintained an "A-" rating from Standard & Poor's.

Additional information on the City's long-term debt can be found in note 8 pages 50-57.

## ***ECONOMIC OUTLOOK***

The City is part of the general San Francisco/Silicon Valley area. There are a handful of businesses that make up a sizable portion of City revenues. The five largest Sales Tax producers are now 80.77% of all Sales Tax collected. We have been advised that one of our major sales tax providers is planning on moving its operations out of Brisbane by 2013. However, the City has worked with a large recycling firm to collect a special business license tax to cover the proposed expansion of its facilities. This will most likely replace the lost sales tax. The City Council placed the item on the November 2011 ballot. The ballot measure passed.

In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point. With the America's Cup coming to the area this year, we are seeing that reflected in the room rental at the hotels. The City is working with the Chamber of Commerce to develop economic sustainability for our businesses.

Brisbane has one of the largest (over 500 acres) undeveloped commercial parcels of land remaining in San Mateo County. This parcel is contiguous with the boundaries of the City/County of San Francisco and is located within seven minutes of the San Francisco International Airport. The property owner has submitted a Specific Plan for the site and it is undergoing the EIR process. The Specific Plan has a combination of retail, commercial, and open space. While the related economic benefits to the City from the development of this parcel cannot be estimated at this time, it is anticipated to be significant, possibly capable of providing the City with future revenues.

## ***CONTACTING THE CITY'S FINANCIAL MANAGEMENT***

The Comprehensive Annual Financial Report is intended to provide residents, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 50 Park Place, Brisbane, California.



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**CITY OF BRISBANE**

**STATEMENT OF NET ASSETS AND  
STATEMENT OF ACTIVITIES**

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all of the City's Business-Type Activities in a single column; these are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-Type Activities include all its Enterprise Fund activities, which includes the Utility Fund (Water, Sewer, and GVMID) and Park and Recreation Fund (Parks and Recreation, Marina).

The Statement of Activities reports increases and decreases in the City's net assets. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City and the City of Brisbane's Redevelopment Agency, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for their activities.

CITY OF BRISBANE  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments available for operations (Note 3)	\$8,456,077	\$807,992	\$9,264,069
Accounts receivable	1,387,165	1,012,970	2,400,135
Taxes receivable	1,367,130	768	1,367,898
Internal balance	(595,416)	595,416	
Deferred charges	123,405		123,405
Accrued interest			
Other assets	3,290	59,926	63,216
Noncurrent assets:			
Restricted cash and investments with fiscal agents (Note 3)	3,608,171		3,608,171
Investment in Brisbane Redevelopment Agency 2001 tax allocation bonds (Note 3)	12,810,000		12,810,000
Loans receivable, net (Note 5)	12,825,950	525,150	13,351,100
Prepaid pension obligation bonds (Note 7)	3,561,622		3,561,622
Capital assets (Note 6):			
Non-depreciable	26,936,857	1,174,959	28,111,816
Depreciable, net	22,489,866	34,857,593	57,347,459
<b>Total Assets</b>	<b>92,974,117</b>	<b>39,034,774</b>	<b>132,008,891</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	223,431	241,446	464,877
Accrued payroll	366,543	88,420	454,963
Interest payable	450,944	59,557	510,501
Deposits	957,360	211,020	1,168,380
Unearned revenue	390,325		390,325
Claims payable - due within one year (Note 12)	263,881		263,881
Compensated absences - due within one year (Note 1G)	126,830	23,875	150,705
Capital leases - due within one year (Note 8)		22,651	22,651
Long-term debt - due within one year (Note 8)	2,410,846	115,000	2,525,846
Noncurrent liabilities			
Claims payable - due in more than one year (Note 12)	670,223		670,223
Compensated absences - due in more than one year (Note 1G)	380,490	71,625	452,115
OPEB obligation (Note 11)	2,472,234	494,908	2,967,142
Capital leases - due in more than one year (Note 8)		45,303	45,303
Long-term debt - due in more than one year (Note 8)	32,346,607	3,545,000	35,891,607
<b>Total Liabilities</b>	<b>41,059,714</b>	<b>4,918,805</b>	<b>45,978,519</b>
<b>NET ASSETS (Note 9)</b>			
Invested in capital assets, net of related debt	38,064,270	32,304,598	70,368,868
Restricted for:			
Capital projects	529,348	847,589	1,376,937
Debt service	17,720,224		17,720,224
Specific projects and programs	756,478		756,478
<b>Total Restricted Net Assets</b>	<b>19,006,050</b>	<b>847,589</b>	<b>19,853,639</b>
Unrestricted	(5,155,917)	963,782	(4,192,135)
<b>Total Net Assets</b>	<b>\$51,914,403</b>	<b>\$34,115,969</b>	<b>\$86,030,372</b>

See accompanying notes to financial statements

CITY OF BRISBANE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>						
General government	\$5,123,057	\$2,121,902	\$5,000		(\$2,996,155)	(\$2,996,155)
Public safety - police	2,930,641	107,056	126,784		(2,696,801)	(2,696,801)
Public safety - fire	2,756,391	112,927			(2,643,464)	(2,643,464)
Public works	1,900,695	2,928,195		\$489,754	1,517,254	1,517,254
Interest on long-term debt (unallocated)	2,878,876				(2,878,876)	(2,878,876)
<b>Total Governmental Activities</b>	<b>15,589,660</b>	<b>5,270,080</b>	<b>131,784</b>	<b>489,754</b>	<b>(9,698,042)</b>	<b>(9,698,042)</b>
<b>Business-type Activities:</b>						
Water	1,131,641	1,571,652		101,826	\$541,837	541,837
Sewer	1,340,397	1,162,408			(177,989)	(177,989)
Guadalupe Valley Municipal Improvement District	1,352,072	1,514,051			161,979	161,979
Parks and recreation	3,342,390	2,154,786			(1,187,604)	(1,187,604)
<b>Total Business-type Activities</b>	<b>7,166,500</b>	<b>6,402,897</b>		<b>101,826</b>	<b>(661,777)</b>	<b>(661,777)</b>
<b>Total</b>	<b>\$22,756,160</b>	<b>\$11,672,977</b>	<b>\$131,784</b>	<b>\$591,580</b>	<b>(9,698,042)</b>	<b>(10,359,819)</b>
<b>General revenues:</b>						
<b>Taxes:</b>						
Property taxes					4,949,777	4,949,777
Sales taxes					4,495,650	4,495,650
Unrestricted motor vehicle license fee taxes					2,141	2,141
Transient occupancy tax					1,560,033	1,560,033
Other taxes					493,892	493,892
Taxes and assessment						29,208
Intergovernmental						185,231
Investment earnings					1,586,856	3,171
Miscellaneous					74,651	74,651
<b>Extraordinary item (Note 15):</b>						
Assets transferred to/liabilities assumed by Successor Agency					16,063,548	16,063,548
Transfers (Note 4C)					(1,008,482)	1,008,482
<b>Total general revenues, transfers and extraordinary item</b>					<b>28,218,066</b>	<b>1,226,092</b>
<b>Change in Net Assets</b>					<b>18,520,024</b>	<b>564,315</b>
<b>Net Assets-Beginning</b>					<b>33,394,379</b>	<b>33,551,654</b>
<b>Net Assets-Ending</b>					<b>\$51,914,403</b>	<b>\$34,115,969</b>

See accompanying notes to financial statements

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## FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal year 2012. Individual non-major funds may be found in the Supplemental Section.

### **General Fund**

This fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund.

### **Community Redevelopment Agency Special Revenue Fund**

Redevelopment agencies are component units and as such, their general funds are treated as funds of the government itself and therefore must be reclassified as special revenue funds (GASB 2600.117). Revenues of the Agency, generally tax increment received from the County, are restricted for use to redevelopment of a specified project area for the benefit of the citizens and businesses located in that area. Expenditures related to redevelopment activities are, likewise, posted to these special revenue funds.

Redevelopment statutes require, absent a finding to defer, that 20% of all tax increment received by project areas be diverted to use for low and/or moderate income housing programs. Thus, a separate special revenue fund was established in accordance with the Health and Safety statutes to account for housing revenues and expenditures for low and/or moderate income programs.

The Redevelopment Agency was dissolved January 31, 2012 by California State Law AB1x26.

### **Low/Mod Income Housing Assets Special Revenue Fund**

This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

### **Brisbane Public Financing Authority**

*2001 Revenue Bonds, Series A Debt Service Fund* – This fund accounts for the debt service for the 2001 Revenue Bonds, Series A which were issued to refinance the 1984 Tax Allocation Bonds that were issued by the Community Redevelopment Agency Project Area #1. This fund accounts for the repayment of debt related to the construction of public facilities, a 576-slip marina and infrastructure improvements in the Project Area.

CITY OF BRISBANE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2012

	General Fund	Community Redevelopment Special Revenue Fund	Low/Mod Income Housing Asset Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments (Note 3)	\$4,440,355		\$8,882		\$2,610,505	\$7,059,742
Restricted cash and investments (Note 3)				2,064,995	1,543,176	3,608,171
Investment in Brisbane Redevelopment Agency 2001 tax allocation bonds (Note 3)				12,810,000		12,810,000
Accounts receivable, net	1,350,223				36,188	1,386,411
Taxes receivable	1,336,656				30,474	1,367,130
Due from other funds (Note 4A)	2,081,707					2,081,707
Loans receivable (Note 5)	2,090,272		8,439,682	2,295,996		12,825,950
Advances to other funds (Note 4B)	540,219				397,053	937,272
Other assets	3,290					3,290
<b>Total Assets</b>	<b>\$11,842,722</b>		<b>\$8,448,564</b>	<b>\$17,170,991</b>	<b>\$4,617,396</b>	<b>\$42,079,673</b>
<b>LIABILITIES</b>						
Accounts payable	\$176,349		\$1,005		\$12,474	\$189,828
Accrued payroll	254,051				21,615	275,666
Due to other funds (Note 4A)					1,318,399	1,318,399
Deposits	955,759				1,601	957,360
Deferred revenue	929,261		3,122,876			4,052,137
Advances from other funds (Note 4B)				\$2,295,996		2,295,996
<b>Total Liabilities</b>	<b>2,315,420</b>		<b>3,123,881</b>	<b>2,295,996</b>	<b>1,354,089</b>	<b>9,089,386</b>
<b>FUND BALANCES (Note 9)</b>						
Nonspendable	2,630,491					2,630,491
Restricted			5,324,683	14,874,995	3,627,607	23,827,285
Assigned	141,000				670,063	811,063
Unassigned	6,755,811				(1,034,363)	5,721,448
<b>Total Fund Balances (Deficit)</b>	<b>9,527,302</b>		<b>5,324,683</b>	<b>14,874,995</b>	<b>3,263,307</b>	<b>32,990,287</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$11,842,722</b>		<b>\$8,448,564</b>	<b>\$17,170,991</b>	<b>\$4,617,396</b>	<b>\$42,079,673</b>

See accompanying notes to financial statements

CITY OF BRISBANE  
 Reconciliation of the  
 GOVERNMENTAL FUNDS -- BALANCE SHEET  
 with the  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2012

Total fund balances reported on the Governmental Funds Balance Sheet \$32,990,287

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds 49,426,723

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments	1,396,335
Interest receivable	754
Accounts payable	(33,603)
Accrued payroll	(90,877)
Accrued claims payable	(934,104)
Long-term debt	

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 3,661,812

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Net pension asset	3,561,622
Deferred charges	123,405
Long-term debt	(34,757,453)
Net OPEB Obligation	(2,472,234)
Compensated absences	(507,320)
Interest payable	(450,944)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$51,914,403

See accompanying notes to financial statements



CITY OF BRISBANE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Community Redevelopment Special Revenue Fund	Low/Mod Income Housing Asset Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes and special assessments	\$9,025,762	\$2,169,717	(\$460,723)		\$1,924,406	\$12,659,162
Intergovernmental	26,166					26,166
Licenses, permits and fees	930,731				270,726	1,201,457
Charges for services	352,947				45,200	398,147
Fines and forfeitures	79,211				717,415	796,626
Use of money and property	121,128	12,953	10,824	\$1,595,647		1,740,552
Other revenues	2,090,585				378,847	2,469,432
<b>Total Revenues</b>	<b>12,626,530</b>	<b>2,182,670</b>	<b>(449,899)</b>	<b>1,595,647</b>	<b>3,336,594</b>	<b>19,291,542</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	3,491,843	453				3,492,296
Public safety - police	2,699,400					2,699,400
Public safety - fire	2,339,924				145,146	2,485,070
Public works	925,339	363,009	2,102			1,290,450
Library	26,305				952,440	978,745
Capital outlay	68,091	1,925,835			888,753	2,882,679
<b>Debt service:</b>						
Principal	10,986			865,000	1,448,350	2,324,336
Interest and fiscal charges	3,218	789,900		1,170,739	948,645	2,912,502
<b>Total Expenditures</b>	<b>9,565,106</b>	<b>3,079,197</b>	<b>2,102</b>	<b>2,035,739</b>	<b>4,383,334</b>	<b>19,065,478</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,061,424</b>	<b>(896,527)</b>	<b>(452,001)</b>	<b>(440,092)</b>	<b>(1,046,740)</b>	<b>226,064</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (Note 4C)	1,219,926	255,544		355,000	1,279,447	3,109,917
Transfers (out) (Note 4C)	(2,352,463)	(472,871)		(255,544)	(37)	(3,080,915)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,132,537)</b>	<b>(217,327)</b>		<b>99,456</b>	<b>1,279,410</b>	<b>29,002</b>
<b>NET CHANGES IN FUND BALANCES BEFORE BEFORE EXTRAORDINARY ITEM</b>	<b>1,928,887</b>	<b>(1,113,854)</b>	<b>(452,001)</b>	<b>(340,636)</b>	<b>232,670</b>	<b>255,066</b>
<b>EXTRAORDINARY ITEM</b>						
Assets transferred to/liabilities assumed by Successor Agency (Note 15)		(2,747,487)	5,776,684		(124,916)	2,904,281
<b>NET CHANGES IN FUND BALANCES</b>	<b>1,928,887</b>	<b>(3,861,341)</b>	<b>5,324,683</b>	<b>(340,636)</b>	<b>107,754</b>	<b>3,159,347</b>
<b>BEGINNING FUND BALANCES</b>	<b>7,598,415</b>	<b>3,861,341</b>		<b>15,215,631</b>	<b>3,155,553</b>	<b>29,830,940</b>
<b>ENDING FUND BALANCES</b>	<b>\$9,527,302</b>		<b>\$5,324,683</b>	<b>\$14,874,995</b>	<b>\$3,263,307</b>	<b>\$32,990,287</b>

See accompanying notes to financial statements

CITY OF BRISBANE  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the Statement of Activities  
 FOR THE YEAR ENDED JUNE 30, 2012

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$3,159,347

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay and other capitalized expenditures are therefore added back to fund balance	2,667,605
Depreciation expense is deducted from the fund balance	(514,453)
Net retirement is deducted from fund balance	(157,519)
Capital assets transferred to the Successor Agency	(2,513,937)

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Adjustments to long term debt are deducted from fund balance	(189,930)
Repayment of debt principal are added back to fund balance	2,324,336
Long-term debt assumed by the Successor Agency	15,673,204

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Deferred revenue	(243,144)
Amortization of bond discount	(6,616)
Deferred charges amortization	(11,089)
Compensated absences	51,345
Unpaid interest added to long-term debt	51,331
Amortization of prepaid pension obligation	(271,852)
Net OPEB	(535,779)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.

The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds	(962,825)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$18,520,024

See accompanying notes to financial statements

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## MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2012.

GASB 34 does not provide for the disclosure of budget vs. actual comparison regarding proprietary funds that are major funds.

**Utility Fund** is comprised of the following services:

### Water

Represents expenses incurred in the purchase and distribution of water to City residents and businesses; water users support this activity through payment of water billings which are rendered based on read meters.

### Sewer

Represents expenses incurred in the collection and pumping of sewage waste to the City of San Francisco Sewer Treatment Plant where it is treated and discharged to the bay; sewer users support this activity through payment of sewer service billings.

### Guadalupe Valley Municipal Improvement District

Represents expenses related to providing water, sewer, and other municipal services to businesses and residents located within the district boundaries. Revenues to support this activity are derived from property taxes, water, and sewer billings and special assessments.

### **Parks and Recreation Enterprise Fund**

This fund accounts for expenses incurred in the operation and maintenance of a boat harbor and marina; berth rentals provide the source of revenue to support this activity. This fund also includes the activities of the Parks and Recreation Center which were reclassified from the general fund in fiscal year 2001-2002.

### **Internal Service Funds**

These funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

CITY OF BRISBANE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2012

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Utility</u>	<u>Park and Recreation</u>	<u>Totals</u>	
<b>ASSETS</b>				
Current Assets:				
Cash and investments (Note 3)	\$103,101	\$704,891	\$807,992	\$1,396,335
Accounts receivable, net	821,905	191,065	1,012,970	
Taxes receivable	768		768	
Interest receivable				754
Other assets	<u>59,926</u>		<u>59,926</u>	
Total Current Assets	<u>985,700</u>	<u>895,956</u>	<u>1,881,656</u>	<u>1,397,089</u>
Noncurrent Assets:				
Loans receivable (Note 5)		525,150	525,150	
Advances to other funds (Note 4B)		2,295,996	2,295,996	
Capital assets (Note 6):				
Non-depreciable	711,618	463,341	1,174,959	
Depreciable, net	<u>28,382,406</u>	<u>6,475,187</u>	<u>34,857,593</u>	
Total Noncurrent Assets	<u>29,094,024</u>	<u>9,759,674</u>	<u>38,853,698</u>	
Total Assets	<u>30,079,724</u>	<u>10,655,630</u>	<u>40,735,354</u>	<u>1,397,089</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	201,396	40,050	241,446	33,603
Interest payable	58,821	736	59,557	
Accrued claims payable				263,881
Compensated absences	9,712	14,163	23,875	
Due to other funds (Note 4A)	763,308		763,308	
Deposits	11,530	199,490	211,020	
Accrued payroll	26,877	61,543	88,420	90,877
Capital lease due within one year (Note 8)	22,651		22,651	
Bonds payable due within one year (Note 8)	<u>115,000</u>		<u>115,000</u>	
Total Current Liabilities	<u>1,209,295</u>	<u>315,982</u>	<u>1,525,277</u>	<u>388,361</u>
Noncurrent Liabilities:				
Compensated absences due in more than one year (Note 1G)	29,136	42,489	71,625	
Accrued claims payable (Note 12)				670,223
Advances from other funds (Note 4B)	937,272		937,272	
Capital lease due in more than one year (Note 8)	45,303		45,303	
Bonds payable due in more than one year (Note 8)	3,545,000		3,545,000	
OPEB obligation (Note 11)	<u>82,365</u>	<u>412,543</u>	<u>494,908</u>	
Total Noncurrent Liabilities	<u>4,639,076</u>	<u>455,032</u>	<u>5,094,108</u>	<u>670,223</u>
Total Liabilities	<u>5,848,371</u>	<u>771,014</u>	<u>6,619,385</u>	<u>1,058,584</u>
<b>NET ASSETS (Note 9)</b>				
Invested in capital assets, net of related debt	25,366,070	6,938,528	32,304,598	
Restricted for:				
Capital projects	758,885	88,704	847,589	
Unrestricted	<u>(1,893,602)</u>	<u>2,857,384</u>	<u>963,782</u>	<u>338,505</u>
Total Net Assets	<u>\$24,231,353</u>	<u>\$9,884,616</u>	<u>\$34,115,969</u>	<u>\$338,505</u>

See accompanying notes to financial statements

CITY OF BRISBANE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Utility</u>	<u>Park and Recreation</u>	<u>Totals</u>	
<b>OPERATING REVENUES</b>				
Charges for services	\$4,248,111	\$2,040,825	\$6,288,936	\$1,107,485
Other revenues		113,961	113,961	2,152
Total Operating Revenues	<u>4,248,111</u>	<u>2,154,786</u>	<u>6,402,897</u>	<u>1,109,637</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	1,379,894	662,284	2,042,178	90,583
General and administrative	1,581,652	2,145,522	3,727,174	793,904
Depreciation	684,049	401,421	1,085,470	
Other expenses		133,163	133,163	156,711
Total Operating Expenses	<u>3,645,595</u>	<u>3,342,390</u>	<u>6,987,985</u>	<u>1,041,198</u>
Operating Income (Loss)	<u>602,516</u>	<u>(1,187,604)</u>	<u>(585,088)</u>	<u>68,439</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Taxes and assessments	29,208		29,208	
Intergovernmental	185,231		185,231	
Investment income	(3,601)	6,772	3,171	6,220
Interest expense	(178,515)		(178,515)	
Total Nonoperating Revenues (Expenses)	<u>32,323</u>	<u>6,772</u>	<u>39,095</u>	<u>6,220</u>
Income (Loss) Before Capital Contributions and Transfers	634,839	(1,180,832)	(545,993)	74,659
Capital contributions	101,826		101,826	
Transfers in (Note 4C)	36,503	1,023,253	1,059,756	182,442
Transfers out (Note 4C)	(51,274)		(51,274)	(1,219,926)
Net transfers	<u>87,055</u>	<u>1,023,253</u>	<u>1,110,308</u>	<u>(1,037,484)</u>
Change in net assets	721,894	(157,579)	564,315	(962,825)
<b>BEGINNING NET ASSETS</b>	<u>23,509,459</u>	<u>10,042,195</u>	<u>33,551,654</u>	<u>1,301,330</u>
<b>ENDING NET ASSETS</b>	<u><u>\$24,231,353</u></u>	<u><u>\$9,884,616</u></u>	<u><u>\$34,115,969</u></u>	<u><u>\$338,505</u></u>

See accompanying notes to financial statements

CITY OF BRISBANE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Utility	Park and Recreation	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$4,179,993	\$2,009,456	\$6,189,449	\$1,112,872
Cash payments to suppliers	(1,486,891)	(2,856,301)	(4,343,192)	(773,104)
Cash payments for general and administrative	(1,579,418)		(1,579,418)	
Cash received from (payments to) other funds	18,961		18,961	
Cash received from (payments to) other	59,188	137,509	196,697	(1,431)
	<u>1,191,833</u>	<u>(709,336)</u>	<u>482,497</u>	<u>338,337</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grants	185,231		185,231	
Taxes and assessments	28,470		28,470	
Transfers in (out), net	(14,771)	1,023,253	1,008,482	(1,037,484)
	<u>198,930</u>	<u>1,023,253</u>	<u>1,222,183</u>	<u>(1,037,484)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of property, plant and equipment, net of transfer	(710,661)	(128,923)	(839,584)	
Principal payment of debt	(137,651)		(137,651)	
Due to other funds (payments)	(188,939)		(188,939)	
Advances from other funds (payments)	(49,379)		(49,379)	(68)
Interest paid	(197,431)	736	(196,695)	
	<u>(1,284,061)</u>	<u>(128,187)</u>	<u>(1,412,248)</u>	<u>(68)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	(3,601)	6,772	3,171	6,530
	<u>(3,601)</u>	<u>6,772</u>	<u>3,171</u>	<u>6,530</u>
<b>Net Cash Flows</b>				
	103,101	192,502	295,603	(692,685)
Cash and investments at beginning of period		512,389	512,389	2,089,020
Cash and investments at end of period	<u>\$103,101</u>	<u>\$704,891</u>	<u>\$807,992</u>	<u>\$1,396,335</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>				
Operating income (loss)	602,516	(1,187,604)	(585,088)	68,439
Adjustments to reconcile operating income (Loss) to cash flows from operating activities:				
Depreciation	684,049	401,421	1,085,470	
Change in assets and liabilities:				
Accounts receivable	(68,118)	(31,487)	(99,605)	3,221
Taxes receivable	(738)		(738)	
Loans receivable		23,548	23,548	
Other assets	59,926	118	60,044	350,606
Accounts payable and accrued liabilities	(83,119)	533	(82,586)	(340,112)
Accrued payroll	6,081	5,947	12,028	85,626
Accrued claims payable				170,557
Compensated absences	(26,495)	(38,473)	(64,968)	
Deposits	(1,230)	11,414	10,184	
OPEB obligation	18,961	105,247	124,208	
	<u>\$1,191,833</u>	<u>(\$709,336)</u>	<u>\$482,497</u>	<u>\$338,337</u>

See accompanying notes to financial statements

## FIDUCIARY FUNDS

Fiduciary funds are presented separately from the Government-wide and Fund financial statements. The City had the following types of fiduciary funds in fiscal year 2012:

### **Private Purpose Trust Funds**

These funds are used to account for resources legally held in trust for special purposes.

### **Agency Funds**

These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's program.



CITY OF BRISBANE  
 FIDUCIARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2012

	Private-Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and investments (Note 3)	\$4,668,751	\$1,235,628
Restricted cash and investments with fiscal agents (Note 3)	119,588	354,555
Accounts receivable	65,842	395,066
Interest receivable		500
Taxes receivable		10,698
Other receivable		158,855
Capital Assets (Note 15B):		
Non-depreciable	2,441,997	
Depreciable	71,427	
Total Assets	7,367,605	2,155,302
<b>LIABILITIES</b>		
Accounts payable	73,187	1,028,490
Deposits	883,493	114,991
Due to other bondholders		1,011,821
Interest payable	289,594	
Loans payable (Note 15C)	8,905,910	
Long Term Debt (Note 15C):		
Due within one year	614,983	
Due in more than one year	14,536,571	
Total Liabilities	25,303,738	2,155,302
<b>NET ASSETS</b>		
Held in trust for private-purpose	(\$17,936,133)	

See accompanying notes to financial statements

CITY OF BRISBANE  
PRIVATE-PURPOSE TRUST FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE PERIOD FEBRUARY 1, 2012 TO JUNE 30, 2012

	Private-Purpose Trusts Funds
ADDITIONS:	
Charges for services	(\$573,676)
Investment income	9,302
Other revenues	42,417
Total additions	(521,957)
DEDUCTIONS:	
General government	18,267
Public works	198,329
Depreciation expense	513
Interest and fiscal charges	1,136,312
Total deductions	1,353,421
CHANGE IN NET ASSETS BEFORE EXTRAORDINARY ITEM	(1,875,378)
Extraordinary Item (Note 15): Asset transferred to/liabilities assumed by Successor Agency	(16,063,548)
CHANGE IN NET ASSETS	(17,938,926)
BEGINNING NET ASSETS	2,793
ENDING NET ASSETS (DEFICIT)	(\$17,936,133)

See accompanying notes to financial statements

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**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City was incorporated on November 27, 1961, under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such “General Law” cities. The City uses the City Council/Manager form of government. The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

**A. Reporting Entity**

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City’s operations and are reported as an integral part of the City’s financial statements. The term City, as used in this report, refers to the City and its component units as a consolidated entity. The City’s component units, which are described below, are all blended.

- Brisbane Community Redevelopment Agency (Agency)
- Brisbane Public Financing Authority (Authority)
- Guadalupe Valley Municipal Improvement District (District)

**Brisbane Community Redevelopment Agency** was established in April 1976 pursuant to the State of California Health and Safety Code Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. The members of the City Council act as the governing bodies of the Agency. Additional financial information for the Agency can be obtained from the City Brisbane at 50 Park Place, Brisbane, CA 94005. Pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Agency has been dissolved and its assets turned over and liabilities assumed by the Successor Agency effective January 31, 2012. Separate financial statements are not issued for the Redevelopment Agency.

**Brisbane Public Financing Authority** was formed on April 8, 1991, by and between the City and the Agency of the City. The Authority was created for the purpose of providing financing of public capital improvements for the City and the Agency. The Authority has the power to issue bonds to pay the cost of any public capital improvement. The Authority has no independent staff and consequently is dependent upon the City’s officers and employees. The Governing Board of the Authority is comprised of the members of the City Council of the City and the members of the Board of the Agency.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Guadalupe Valley Municipal Improvement District** was formed as an enterprise activity in May 1990. The purpose of the District is to provide capital and infrastructure improvements to residents of the area. The members of the City Council act as the governing body of the District.

**B. Basis of Presentation**

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Statements require that the financial statements described below be presented.

**Government - Wide Financial Statements:** The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including blended component units and fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Major Funds**

The City's major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

**GENERAL FUND** - The General Fund is established to account for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, and public works. This fund accounts for all financial transactions not accounted for in the other funds.

**COMMUNITY REDEVELOPMENT AGENCY SPECIAL REVENUE FUND** – This fund accounts for redevelopment activities. Revenues of the Agency, generally tax increment received from the County, are restricted for use to redevelopment of a specified project area for the benefit of the citizens and businesses located in that area. Expenditures related to redevelopment activities are, likewise, posted to these special revenue funds. In addition, the redevelopment statutes require, absent a finding to defer, that 20% of all tax increment received by project areas be used for low and/or moderate income housing programs. This fund was closed as of January 31, 2012, as a result of the dissolution of the Redevelopment Agency as discussed in Note 15.

**LOW/MOD INCOME HOUSING ASSETS SPECIAL REVENUE FUND** - This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

**BRISBANE PUBLIC FINANCING AUTHORITY 2001 REVENUE BONDS, SERIES A DEBT SERVICE FUND** – This fund accounts for the debt service for the 2001 Brisbane Public Financing Authority Revenue Bonds, Series A, which were issued to provide funds to acquire the Agency's debts and refinance certain redevelopment activities in the Agency's Project Area #1.

The City reported all of its enterprise funds as major funds:

**UTILITY ENTERPRISE FUND** – This fund accounts for revenues and expenses incurred for the water, sewer and Guadalupe Valley Municipal Improvement District.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PARKS AND RECREATION ENTERPRISE FUND** – This fund accounts for expenses incurred in the operation and maintenance of a boat harbor and marina; berth rentals provide the source of revenue to support this activity. This fund also includes the activities of the Parks and Recreation Center.

**Internal Service Funds** account for activities related to dental self-insurance, fringe benefits, flexible benefits, workers' compensation, general liability, and other post-employment benefits (OPEB).

**Fiduciary Funds** financial statements include a Statement of Net Assets and a Statement of Changes in Fiduciary Net Assets. The City's fiduciary funds represent agency funds and private-purpose trust funds and are accounted for using the "*economic resources*" measurement focus. The private-purpose trust funds are used to account for resources legally held in trust for special purposes. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Both types of the funds are accounted for using accrual basis of accounting.

**D. *New and Closed Funds***

The Low/Mod Income Housing Assets Special Revenue Fund was established to account for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

The Successor Agency Private Purpose Trust Fund was established to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Brisbane.

The Community Redevelopment Special Revenue Fund and the Community Redevelopment Debt Service Fund were closed as of January 31, 2012 as a result of the dissolution of the Redevelopment Agency as discussed in Note 15.

The Traffic Congestion Relief Special Revenue Fund was closed as of June 30, 2012.

**E. *Basis of Accounting***

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Those revenues susceptible to accrual are property, sales, transient occupancy and franchise taxes, special assessments, licenses for services and interest revenue. Fines, permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

**F. *Interest Payable***

In the Government-Wide Financial Statements, interest payable of long-term debt is recognized as the liability is incurred.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

**G. *Compensated Absences***

The City's compensated absences include regular vacation, administrative leaves, and compensation hours. Employees earn varying amounts of vacation depending upon continuous tenure with the City. When an employee cannot take all of their annual vacation in a particular calendar year, such vacation shall either be taken during the following calendar year or paid for at the discretion of the City Manager. Use of vacation may be deferred to the following year, but the total amount of vacation may not exceed two years annual accrual without City Manager approval. Total amount of administrative leaves may not exceed one year. All compensated absences amounts vest and are payable upon the employee's separation from employment. For governmental funds, compensated absences are recorded for employees who have separated from the City but have not yet been paid at the end of the fiscal year. All other compensated absences liabilities for governmental activities are recorded as current and non-current in the Government-Wide Financial Statements. For proprietary funds, current and non-current liabilities for compensated absences are recorded as expenses in both the Government-Wide Financial Statement and the Fund Financial Statement.



**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All sick leave benefits lapse upon separation from employment and no liability is recorded for such amounts for any accrued hours because such amounts do not represent either a current or future liability to the City.

	Governmental Activities	Business-Type	Total
Beginning Balance	\$558,665	\$160,468	\$719,133
Additions	482,108	109,690	591,798
Payments	(533,453)	(174,658)	(708,111)
Ending Balance	\$507,320	\$95,500	\$602,820
Current Portion	\$126,830	\$23,875	\$150,705

**H. *Property Taxes***

Under California law, secured property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas.

Lien Date	January 1
Levy Date	July 1
Due Date	November 1 and February 1
Collection Date	December 10 and April 10

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the “alternate method of property tax distribution,” known as the Teeter Plan, by the City and the County of San Mateo. The Teeter Plan authorizes the Auditor/Controller of the County of San Mateo to allocate 100% of the secured property taxes billed, but not yet paid.

**I. *Use of Estimates***

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgeting Procedures***

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, certain special revenue funds, and the debt service funds. The Low/Mod Income Housing Asset, Prop 1B, Traffic Congestion Relief, Fire Training, and Contract Employees Special Revenue Funds and the capital projects funds did not have adopted budgets for the fiscal year. The legal level of budgetary control is the fund level.
4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2012, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered and then are rebudgeted for the coming year.

**B. *Encumbrances***

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are recorded. The commitments will be reappropriated and honored in the subsequent year.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

**C. Expenditures in Excess of Appropriations**

The following funds incurred expenditures in excess of appropriations. The funds had sufficient fund balances or revenues to finance these expenditures.

Fund	Excess of Expenditures Over Appropriations
Special Revenue Funds:	
Redevelopment Agency	\$2,462,834
Gas Tax	58,115
Measure A	74,719
Grants	42,044
Debt Service Funds:	
2001 Revenue Bonds, Series B	1,114

**NOTE 3 - CASH AND INVESTMENTS**

The City invests all funds, except cash with fiscal agents, in investment pools. The goal is to invest at the maximum yield, consistent with safety and liquidity, while individual funds can process payments for expenditures at any time. The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**A. Classification**

Cash and investments as of June 30, 2012, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Cash and investments available for operations	\$9,264,069
Restricted cash and investments with fiscal agent	3,608,171
Investment in Brisbane Redevelopment Agency 2001 tax allocation bonds	12,810,000
Total City Cash and Investments	25,682,240
Cash and investments in Fiduciary Funds (separate statement)	5,904,379
Restricted cash and investments in Fiduciary Funds (separate statement)	474,143
Total Fiduciary Cash and Investments (separate statement):	6,378,522
Total Cash and Investments	\$32,060,762

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**B. Authorized Investments by the City**

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings are acceptable of the issuers are acceptable to the City. The following also identifies certain provisions of the City and California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This does not address the City's investments of debt proceeds held by fiscal agents that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the Entity's investment policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Allowed in Portfolio	Maximum Investment in One Issuer
California Local Agency Investment Fund	N/A	None	None	None
Negotiable Certificates of Deposit	5 years	None	25%	15%
Time Certificates of Deposit	N/A	None	25%	15%
Bankers Acceptances	180 days	None	20%	15%
Commercial Paper	270 days	A-1	15% (A)	15%
Government Agency Securities	5 years	None	None	None
Treasury Bonds, Bills, and Notes	5 years	None	None	None
Medium-Term Corporate Notes	5 years	AA	15% (A)	15%

(A) The combined value of investments in Commercial Paper and Medium-Term Corporate Notes should not exceed 15% of the City's portfolio.

**C. Authorized Investments by Debt Agreements**

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinances, bond indentures or State statutes. The following identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain permitted investments of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Treasury Bonds, Bills, and Notes	5 years	None
Government Agency Securities	5 years	None
Bankers Acceptances	180 days	None
Repurchase Agreements	30 days	N/A
Money Market Mutual Funds	N/A	AAAm
Commercial Paper	180 days	A-1
Negotiable Certificates of Deposit	5 years	None
California Local Agency Investment Fund	N/A	None

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

There are no restrictions on the maximum amount invested in each security type or a maximum that can be invested in any one issuer.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the City's investments by maturity:

Investment Type	Investment Maturities				Total
	12 months or less	13 to 48 months	49 to 60 months	More than 60 months	
Securities of U.S. Government Agencies					
Federal National Mortgage Association			\$501,660		\$501,660
Federal Farm Credit Bank		\$501,620			501,620
Federal Home Loan Mortgage Corporation	\$899,531				899,531
Repurchase Agreements		714,800			714,800
Money Market Mutual Fund	2,478,938				2,478,938
Local Agency Investments Funds-City	7,018,957				7,018,957
Direct fund investment:					
Brisbane Redevelopment Agency 2001					
2001 Tax Allocation Bonds	395,000	1,495,000	625,000	\$10,295,000	12,810,000
<b>Total Investments</b>	<b>\$10,792,426</b>	<b>\$2,711,420</b>	<b>\$1,126,660</b>	<b>\$10,295,000</b>	<b>\$24,925,506</b>
Cash in banks and on hand					\$7,135,256
<b>Total Cash and Investments</b>					<b>\$32,060,762</b>

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements and the actual rating as of June 30, 2012 for each investment type:

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Investment Type	Aaa/ AAAM	Total
Securities of U.S. Government Treasury and Agencies		
Federal National Mortgage Association	\$501,660	\$501,660
Federal Farm Credit Bank	501,620	501,620
Federal Home Loan Mortgage Corporation	899,531	899,531
Money Market Mutual Funds	2,478,938	<u>2,478,938</u>
Total rated investments		4,381,749
Not rated exempt:		
Repurchase Investment Agreement		714,800
Local Agency Investment Fund		7,018,957
Cash in banks and on hand		7,135,256
Direct fund investment:		
Brisbane Redevelopment Agency 2001 2001 Tax Allocation Bonds		<u>12,810,000</u>
Total Cash and Investments		<u><u>\$32,060,762</u></u>

**F. Concentration of Credit Risk**

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total investments in Entity-wide, individual major funds, non-major funds in the aggregate, or fiduciary fund type investments are as follows at June 30, 2012:

Reporting Unit	Investment Type	Reported Amount
Brisbane Public Financing Authority 2001 Revenue Bonds Series A		
Debt Service Fund	Tax Allocation Bonds	\$12,810,000
Non-major Funds	Repurchase Agreement	714,800

**G. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the City's cash on deposit. All of the City's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the City's name.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**H. Local Agency Investment Fund**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2012, these investments matured in an average of 268 days.

**I. Cash, Cash Equivalents and Investments**

Each proprietary fund's portion of Cash and Investments is in substance a demand deposit available to finance operations, and is considered a cash equivalent in preparing the statement of cash flows.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Market value is used as fair value for those securities for which market quotations are readily available.

**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Due To/From Other Funds**

Due to/from other funds arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2012 interfund balances were as follows:

At June 30, 2012, the City had the following due to/from other funds:

	Due to Other Funds		
	Non-Major Governmental Funds	Utility Enterprise Fund	Total
<b>Due from Other Funds</b>			
Governmental Funds:			
General Fund	\$1,318,399	\$763,308	\$2,081,707
<b>Total</b>	<b>\$1,318,399</b>	<b>\$763,308</b>	<b>\$2,081,707</b>

All other due to/from other funds represent temporary loans from the General Fund to cover cash flow shortfalls.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

**B. Advances To/From Other Funds**

At June 30, 2012, the City had the following advances to/from other funds:

	<b>Advances from Other Funds</b>		
<b>Advances from Other Funds</b>	Utility Enterprise Fund	Brisbane Public Financing Authority 2001 Revenue Bond Series A Debt Service Fund	<b>Total</b>
General Fund	\$540,219		\$540,219
Non-Major Governmental Funds	397,053		397,053
Parks and Recreation Enterprise Fund		\$2,295,996	2,295,996
<b>Total</b>	<b>\$937,272</b>	<b>\$2,295,996</b>	<b>\$3,233,268</b>

The advance from Brisbane Public Financing Authority 2001 Revenue Bonds, Series A Debt Service Fund to the former Community Redevelopment Agency - \$2,295,996 and the Advance from the Parks and Recreation Enterprise Fund (specifically, the Marina) to the Brisbane Public Financing Authority in the same amount are interrelated, as follows:

On March 1, 2001, the Agency issued \$15,000,000 of Brisbane Community Redevelopment Project Area #1 2001 Tax Allocation Bonds (2001 Tax Allocation Bonds) to refund the 1984 Tax Allocation Bonds and to satisfy the Agency's obligation under the 1984 Lease/Leaseback agreement (Deferred Rent Payable). Part of the proceeds of the 1984 Tax Allocation Bonds were used to build the Marina.

The Agency and the Authority entered into a bond purchase contract (Contract) on March 1, 2001. According to the Contract, the Authority issued Brisbane Public Financing Authority (BPFA) 2001 Revenue Bonds, Series A in the amount of \$26,300,000 to acquire the Bonds.

As part of the funding for this debt, the Agency provided an equity contribution of \$295,996 to be placed in an Escrow Fund along with the proceeds of the Agency Bonds. The City contributed \$2,000,000 towards the purchase of the 2001 Tax Allocation Bonds.

Therefore, a total of \$2,295,996 was recorded as an advance from the Parks and Recreations Enterprise Fund to the BPFA 2001 Revenue Bonds Series A Debt Service Fund which in turn advanced the amount to the Community Redevelopment Agency Special Revenue Fund. The advance was to be paid from future tax increment of the Redevelopment Agency after the bonds have matured. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance above and has recorded the loan payable to the Low and Moderate Income Housing Asset Fund as discussed in Notes 5G and 15C.



**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the above advances and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund, the Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund and the General Fund as discussed in Note 15 below. These loans had previously been reported as short term interfund borrowings and interfund advances. However, with the transfer of the associated liabilities to the Successor Agency, repayment of the loans is based upon whether the Successor Agency to the Redevelopment Agency receives a Finding of Completion from the State, and the change has been reported as an Extraordinary Item as discussed in Note 15.

The advance from the 2005 Revenue Bonds, Series A Debt Service to Utility Enterprise Fund represents the portion of the 1995 COP Bonds that were used for the construction of the water tank. The Water Enterprise and the Guadalupe Valley Improvement District (combined into the Utility Enterprise Fund) make annual payments to the Authority for their respective share of the debt service. The balance of the advance as of June 30, 2012 was \$397,053.

Prior to the dissolution of the Agency, the City recorded an advance from General Fund to Redevelopment Area #2 in the amount of \$1,293,108 a loan to cover the operating shortfall of RDA #2 through fiscal year 2000. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance above and has recorded the loan payable to the Low/Mod Income Housing Asset Special Revenue Fund as discussed in Notes 5F and 15C.

Advance from the General Fund to Utility Enterprise Fund - \$540,219 represents a loan to cover the operating loss for the fiscal year 2004-2005.

**C. Transfers In/Out**

The City had the following transfers in/out for the year ended June 30, 2012:

	<b>Transfers Out</b>						<b>Total</b>
	General Fund	Community Redevelopment Agency Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Non-Major Governmental Funds	Utility Enterprise Fund	Internal Service Funds	
<b>Transfers In</b>							
General Fund						\$1,219,926	\$1,219,926
Community Redevelopment Agency Special Revenue Fund			\$255,544				255,544
Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund		\$355,000					355,000
Non-Major Governmental Funds	\$1,110,265	117,871		\$37	\$51,274		1,279,447
Enterprise Fund:							
Utility	36,503						36,503
Parks and Recreation	1,023,253						1,023,253
Internal Service Funds	182,442						182,442
<b>Total</b>	<b>\$2,352,463</b>	<b>\$472,871</b>	<b>\$255,544</b>	<b>\$37</b>	<b>\$51,274</b>	<b>\$1,219,926</b>	<b>\$4,352,115</b>

Transfers out from the General Funds, Special Revenue funds, and Utility Enterprise Fund were for debt service payments.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

Transfers in to the Internal Service fund were for reimbursement of retirement payments.

Transfers out from the Internal Service fund were for the unused portion of Flex Benefits that returned to the General Fund at the end of the year, and to use excess funds in the Fringe Benefit Internal Service fund.

Transfer from the General Fund to Parks and Recreation Enterprise Fund is for the support of the programs provided to citizens.

**NOTE 5 - LOANS RECEIVABLE**

At June 30, 2012, the City had the following loans receivable:

	Balance July 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>Governmental Funds:</b>				
Loan to Administrative Services Director	\$318,750			\$318,750
Loan to City Manager	284,205		(\$5,791)	278,414
2nd Loan to City Manager	200,000			200,000
Bridge Housing Corporation Loan	2,336,086			2,336,086
First Time Home Buyers	786,790			786,790
Loans to Successor Agency		\$8,905,910		8,905,910
<b>Total Governmental Funds</b>	<b>3,925,831</b>	<b>8,905,910</b>	<b>(5,791)</b>	<b>12,825,950</b>
<b>Proprietary Funds:</b>				
Loan to City Engineer/Director of Public Works	280,395		(23,548)	256,847
Loan to Harbor Master	268,303			268,303
<b>Total Proprietary Funds</b>	<b>548,698</b>		<b>(23,548)</b>	<b>525,150</b>
<b>Total</b>	<b>\$4,474,529</b>	<b>\$8,905,910</b>	<b>(\$29,339)</b>	<b>\$13,351,100</b>

- A.** On April 1, 2002, the City made a loan to the Administrative Services Director in the amount of \$318,750 for the purchase of a home. The entire principal balance together with payment of the “equity sharing amount” is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which the borrower is trust or and trustee. The loan is secured by the Deed of Trust. As of June 30, 2012, the outstanding balance of the loan was \$318,750.
- B.** On July 8, 2008, the City made a loan to the City Manager in the amount of \$300,000 secured by a second deed of trust for the purchase of a home. The loan is secured by a Deed of Trust. As of June 30, 2012, the outstanding balance of the loan was \$278,414.
- C.** On September 10, 2008, the city modified the City Manager loan agreement for an additional \$200,000. The additional amount, together with the payment of the “equity sharing amount” is due and payable upon any sale or transfer of the property without the prior written consent of the City (except for the transfer of legal title for estate planning purposes to a revocable living trust of which borrowers are the trustors and trustee), or eighteen months after the effective date of termination of City Manager’s employment with the City. As of June 30, 2012, the outstanding balance of the loan was \$200,000.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 5 - LOANS RECEIVABLE (Continued)**

- D.** In 1999, the Bridge Housing Corporation entered into a loan agreement with the former redevelopment agency for an amount not to exceed \$2,500,000. The obligation to repay the loan is evidenced by a promissory note. The terms of the note provide that Bridge Housing Corporation make repayments to the extent of surplus cash. Annual payments are due and payable in arrears no later than June 1 each year with respect to the previous calendar year, and shall be accompanied by the developer's report of surplus cash. As of June 30, 2012, the outstanding amount of the loan receivable was \$2,336,086.
- E.** The Agency has provided various loan programs for First Time Homebuyers. In general they provide secondary financing for low and moderate buyers in the City. The loans have deferred payments in order to allow the buyers to maximize their purchasing capacity. Payment of principal and interest is due upon sale of property. Units are sold at market value and the Agency also receives as payment a share of the appreciation based on the percentage of the Agency loan to original purchase price. The Agency has first right of refusal to purchase unit to roll over to new eligible buyer. As of June 30, 2012, the outstanding amount of the loan was \$786,790.
- F. *Successor Agency Loans***

**SERAF** - During the fiscal year 2011, the Agency approved a short term interfund payable authorizing the RDA #1 and RDA #2 to borrow \$1,217,528 from the Low and Moderate Income Housing Fund to assist in making the Agency's 2010-11 payment to the Supplemental Educational Revenue Augmentation Fund. The loan does not bear interest and is repayable as a Recognized Obligation of the Successor Agency. The balance of the loan at June 30, 2012 was \$1,217,528.

**General Fund** - During the fiscal year ending June 30, 2000, the Agency approved an interfund advance authorizing the Community Redevelopment Special Revenue Fund to borrow \$1,293,108 from the Low and Moderate Income Housing Fund to cover the operating shortfall of RDA #2 through fiscal year 2000. The loan does not bear interest and is repayable as a Recognized Obligation of the Successor Agency. The balance of the loan at June 30, 2012 was \$1,293,108.

As discussed in Note 4B above, the BPFA 2001 Revenue Bonds Series A Debt had advanced \$2,295,996 to the former Community Redevelopment Agency Special Revenue Fund. The advance was to be paid from future tax incumbent after the bonds have matured.

**Housing Successor** - During the fiscal year ending June 30, 2011, the Low & Moderate Income Housing Special Revenue Fund had advanced \$4,099,278 to the former Redevelopment Project Area #1 Special Revenue Fund, which represents a portion of the 20% housing set-aside funding deferred until future projects and funding become available.

With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the above advances and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund, the Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund and the General Fund as discussed in Note 15 below. These loans had previously been reported as short term interfund borrowings and interfund advances. However, with the transfer of the associated liabilities to the Successor Agency, repayment of the loans is based upon whether the Successor Agency to the Redevelopment Agency receives a Finding of Completion from the State, and the change has been reported as an Extraordinary Item as discussed in Note 15.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 5 - LOANS RECEIVABLE (Continued)**

- G.** On October 22, 2001, the City made a loan to the City Engineer/Director of Public Works in the amount of \$320,000 for the purchase of a home. The entire principal balance together with payment of the “equity sharing amount” is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. On October 1, 2005, the City modified the agreement to include interest in the amount of \$45,479. As of June 30, 2012, the outstanding balance of the loan was \$256,847.
- H.** On July 31, 2003, the City made a loan to the Harbor Master in the amount of \$268,303 for the purchase of a home. The entire principal balance together with payment of the “equity sharing amount” is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. As of June 30, 2012, the outstanding balance of the loan was \$268,303.

**NOTE 6 - CAPITAL ASSETS**

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Gifts or contributions of capital assets are recorded at fair market value when received. City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$5,000
Infrastructure Capital Assets	25,000

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and structures	50 years
Land Improvements	20 – 50 years
Water distribution and sewer collection	65 years
Machinery and equipment	5 - 20 years
Infrastructure	50 - 65 years

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 6 - Capital Assets (Continued)**

Changes in capital assets during the year ended June 30, 2012 comprise of the following:

	Balance at June 30, 2011	Additions	Deletions	Transfers	Transfers to Successor Agency	Balance at June 30, 2012
<b>Governmental activities</b>						
Capital assets not being depreciated:						
Land	\$11,991,162	\$1,985,857			(\$2,441,997)	\$11,535,022
Construction in progress	15,122,046	639,945	(\$55,693)	(\$304,463)		15,401,835
Total capital assets not being depreciated	27,113,208	2,625,802	(55,693)	(304,463)	(2,441,997)	26,936,857
Capital assets being depreciated:						
Land Improvements	1,615,930			81,795	(80,051)	1,617,674
Building and Structures	12,866,673			3,194		12,869,867
Machinery and Equipment	2,665,186	41,803		(3,194)		2,703,795
Infrastructure	15,456,108			120,842		15,576,950
Total capital assets being depreciated	32,603,897	41,803		202,637	(80,051)	32,768,286
Less accumulated depreciation for:						
Capital assets being depreciated:						
Land Improvements	(208,473)	(35,379)			8,111	(235,741)
Building and Structures	(1,883,035)	(69,257)				(1,952,292)
Machinery and Equipment	(1,598,020)	(158,965)				(1,756,985)
Infrastructure	(6,082,550)	(250,852)				(6,333,402)
Total accumulated depreciation	(9,772,078)	(514,453)			8,111	(10,278,420)
Depreciable capital assets	22,831,819	(472,650)		202,637	(71,940)	22,489,866
Governmental activity capital assets, net	\$49,945,027	\$2,153,152	(\$55,693)	(\$101,826)	(\$2,513,937)	\$49,426,723

With the dissolution of the Redevelopment Agency as discussed in Note 15, the Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 2012, which has been reported as a transfer above and as an Extraordinary Item in the Statement of Activities.

	Balance at June 30, 2011	Additions	Deletions	Transfers	Balance at June 30, 2012
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$1,111,156				\$1,111,156
Construction in Progress	177,578	\$718,806		(\$832,581)	63,803
Total capital assets not being depreciated	1,288,734	718,806		(832,581)	1,174,959
Capital assets, being depreciated:					
Land Improvements	9,773,139				9,773,139
Building and Structures	13,279,227	32,604		107,620	13,419,451
Machinery and Equipment	923,133		(\$47,885)		875,248
Infrastructure	31,329,170	22,538		826,787	32,178,495
Total capital assets being depreciated	55,304,669	55,142	(47,885)	934,407	56,246,333
Less accumulated depreciation for:					
Land Improvements	(6,508,564)	(272,039)			(6,780,603)
Building and Structures	(2,598,403)	(219,670)			(2,818,073)
Machinery and Equipment	(397,585)	(60,869)	11,695		(446,759)
Infrastructure	(10,810,413)	(532,892)			(11,343,305)
Total accumulated depreciation	(20,314,965)	(1,085,470)	11,695		(21,388,740)
Depreciable capital assets	34,989,704	(1,030,328)	(36,190)	934,407	34,857,593
Business-type activity capital assets, net	\$36,278,438	(\$311,522)	(\$36,190)	\$101,826	\$36,032,552

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 6 - Capital Assets (Continued)**

**A. Capital Asset Contributions**

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

**B. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

<b>Governmental Activities</b>	
General Government	\$12,771
Public Safety	168,029
Public Works	<u>333,653</u>
<b>Total Governmental Activities</b>	<u><u>\$514,453</u></u>
 <b>Business-Type Activities</b>	
Water	\$186,090
Sewer	103,485
Guadalupe Valley Municipal Improvement District	394,474
Parks and Recreation	<u>401,421</u>
<b>Total Business-Type Activities</b>	<u><u>\$1,085,470</u></u>

**NOTE 7 - NET PENSION ASSET**

In fiscal year 2006, the City issued Pension Obligation Bonds in the amount of \$4,745,000. The proceeds of the bonds were used to prepay the City's unfunded PERS actuarial accrued liability. This prepayment has been recorded on the Statement of Net Assets as a Net Pension Asset.

In accordance with GASB Statement No. 27, the net pension asset is being amortized using the same amortization methodology utilized by PERS to calculate the Annual Required Contribution (ARC) each year.

A summary of the methodology used is as follows:

Amortization Method	Level Percent of Payroll
Average Remaining Period (as of 6/30/2010)	19 years for Miscellaneous Tier 1, 7 years for Miscellaneous Tier 2, & 17 years for Safety
Investment Rate of Return	7.75% (net of administrative expenses)
Payroll Growth	3.25%

Interest on the Net Pension Asset (NPA) is calculated as a percentage of the NPA's balance at the beginning of each year based on the investment rate of return stated above and is added to the balance of the NPA for that year.

During fiscal year 2012, interest earned and amortization of the NPA were \$297,095 and \$568,947, respectively.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 7 - NET PENSION ASSET (Continued)**

A summary of the changes to the NPA for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities	\$3,833,474	\$297,095	(\$568,947)	\$3,561,622

**NOTE 8 - LONG-TERM DEBT**

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

With the dissolution of the Redevelopment Agency as discussed in Note 15, a Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 1, 2012, which has been reported as a transfer below and as an Extraordinary Item in the Statement of Activities. For a detailed discussion of the 1998 Revenue Bonds, the 2001 Tax Allocation Bonds and the 2005 Brisbane PFA, Series A Bonds above, see Note 15 C below.

The following is a summary of long-term debt transactions for the year ended June 30, 2012:

	Balance June 30, 2011	Adjustments	Retirements	Transfer to Successor Agency	Balance at June 30, 2012	Current Portion	Non-Current Portion
<b>Governmental Activities</b>							
Redevelopment Agency Revenue Bonds:							
1998 Housing Set-Aside	\$1,260,000		(\$45,000)	(\$1,215,000)			
2001 Tax Allocation Bonds	13,165,000			(13,165,000)			
2001 PFA, Series A (Project Area 1)	19,765,000		(865,000)		\$18,900,000	\$915,000	\$17,985,000
2001 PFA, Series B (LID Refinancing)	4,955,000		(760,000)		4,195,000	800,000	3,395,000
2005 PFA, Series A (Lease Revenue)	1,940,000		(83,350)	(1,293,204)	563,446	85,017	478,429
2005 PFA, Series B (City Hall Expansion)	5,825,000		(150,000)		5,675,000	155,000	5,520,000
2009 PFA, Series A (City Hall Completion)	2,110,000		(75,000)		2,035,000	80,000	1,955,000
2006 Pension Obligation Refunding Bonds	3,630,000		(335,000)		3,295,000	370,000	2,925,000
Unamortized discount on bonds	(91,553)		6,616		(84,937)	(6,616)	(78,321)
Energy Conservation Loan		\$189,930	(10,986)		178,944	12,445	166,499
<b>Total Governmental Long-Term Debt</b>	<b>\$52,558,447</b>	<b>\$189,930</b>	<b>(\$2,317,720)</b>	<b>(\$15,673,204)</b>	<b>\$34,757,453</b>	<b>\$2,410,846</b>	<b>\$32,346,607</b>

	Balance June 30, 2011	Retirements	Balance at June 30, 2012	Current Portion	Non-Current Portion
<b>Business-type Activities</b>					
Capital Lease	\$90,605	(\$22,651)	\$67,954	\$22,651	\$45,303
<b>Revenue Bonds:</b>					
2002 Brisbane PFA, Series A	3,775,000	(115,000)	3,660,000	115,000	3,545,000
<b>Total Business-Type Long-Term Debt</b>	<b>\$3,865,605</b>	<b>(\$137,651)</b>	<b>\$3,727,954</b>	<b>\$137,651</b>	<b>\$3,590,303</b>

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 8 - LONG-TERM DEBT (Continued)**

**A. 2001 Brisbane Public Financing Authority Revenue Bonds, Series A**

On March 1, 2001, the Authority issued \$26,300,000 principal amount 2001 Revenue Bonds, Series A to provide funds to acquire the Brisbane Community Redevelopment Project Area # 1 2001 Tax Allocation Bonds, and to refinance certain redevelopment activities with respect to the Brisbane Community Redevelopment Project Area # 1.

The bonds mature annually through May 1, 2026, in amounts ranging from \$430,000 to \$1,915,000. The interest on the bonds is payable semiannually on each May 1 and November 1, with rates ranging from 4.00% to 6.00%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from and secured by certain tax revenues payable to by Agency to the Authority with respect to the Agency 2001 Tax Allocation Bonds.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$915,000	\$1,118,770	\$2,033,770
2014	960,000	1,067,987	2,027,987
2015	1,015,000	1,013,747	2,028,747
2016	1,070,000	955,385	2,025,385
2017	1,135,000	892,790	2,027,790
2018-2022	6,770,000	3,372,155	10,142,155
2023-2026	7,035,000	1,086,000	8,121,000
<b>Total</b>	<b>\$18,900,000</b>	<b>\$9,506,834</b>	<b>\$28,406,834</b>



**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 8 - LONG-TERM DEBT (Continued)**

**B. 2001 Brisbane Public Financing Authority Revenue Bonds, Series B**

On March 1, 2001, the Authority issued \$8,935,000 principal amount 2001 Revenue Bonds, Series B to acquire an issue of reassessment bonds issued by the City with respect to the City's Marina Boulevard and Lagoon Road Local Improvement District 79-1 (District) and to refund certain outstanding assessment bonds issued by the City with respect to the District and certain related outstanding revenue bonds issued by the Authority.

The bonds mature annually through September 2, 2015, in amounts ranging from \$70,000 to \$1,655,000. The interest on the bonds is payable semiannually on each March 2 and September 2, with rates ranging from 3.75% to 5.55%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from reassessments levied and collected in the District and amounts held in the redemption fund established under the Fiscal Agent Agreement.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$800,000	\$206,842	\$1,006,842
2014	840,000	163,372	1,003,372
2015	900,000	116,377	1,016,377
2016	1,655,000	45,926	1,700,926
<b>Total</b>	<b>\$4,195,000</b>	<b>\$532,517</b>	<b>\$4,727,517</b>

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 8 - LONG-TERM DEBT (Continued)**

**C. 2005 Brisbane Public Financing Authority Revenue Bonds, Series A**

On February 1, 2005, the Authority issued \$3,265,000 principal amount 2005A Revenue Bonds to refund certain outstanding certificates of participation executed and delivered to finance certain capital projects for the City.

The bonds mature annually through April 1 2017, in amounts ranging from \$190,000 to \$310,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.00% to 3.75%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from lease payments from both the City's Utility Fund to the Authority and lease payments from the Successor Agency to the Authority.

The annual debt service requirements from the Utility Fund on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$85,017	\$20,674	\$105,691
2014	88,351	17,911	106,262
2015	91,685	14,907	106,592
2016	95,019	11,698	106,717
2017	100,020	8,135	108,155
2018	103,354	4,134	107,488
<b>Total</b>	<b>\$563,446</b>	<b>\$77,459</b>	<b>\$640,905</b>

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 8 - LONG-TERM DEBT (Continued)**

**D. 2005 Brisbane Public Financing Authority Revenue Bonds, Series B**

On October 3, 2005, the Authority issued \$5,970,000 principal amount 2005B Revenue Bonds to finance the City Hall renovation and expansion project.

The bonds mature annually through April 1 2024, in amounts ranging from \$145,000 to \$235,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.125% to 4.375%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from lease payment from the City to the Authority.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$155,000	\$247,115	\$402,115
2014	160,000	241,883	401,883
2015	165,000	236,283	401,283
2016	170,000	230,343	400,343
2017	175,000	224,053	399,053
2018-2022	995,000	1,010,345	2,005,345
2023-2027	1,225,000	779,392	2,004,392
2028-2032	1,530,000	472,921	2,002,921
2033-2035	1,100,000	103,368	1,203,368
<b>Total</b>	<b>\$5,675,000</b>	<b>\$3,545,703</b>	<b>\$9,220,703</b>

**E. 2009 Brisbane Public Financing Authority Lease Revenue Bonds, Series A**

On March 11, 2009, Authority issued \$2,255,000 principle amount 2009A Revenue Bonds to finance the completion of the City Hall renovation and expansion project.

The bonds mature annually through April 1 2024, in amounts ranging from \$70,000 to \$135,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.0% to 5.625%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from lease payment from the City to the Authority.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 8 - LONG-TERM DEBT (Continued)**

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$80,000	\$107,325	\$187,325
2014	85,000	104,125	189,125
2015	85,000	100,725	185,725
2016	90,000	97,325	187,325
2017	95,000	93,500	188,500
2018-2022	550,000	396,716	946,716
2023-2027	710,000	233,261	943,261
2028-2029	340,000	30,900	370,900
Subtotal	2,035,000	1,163,877	3,198,877
Less Discount	(31,030)		(31,030)
<b>Total</b>	<b>\$2,003,970</b>	<b>\$1,163,877</b>	<b>\$3,167,847</b>

**F. 2006 Taxable Pension Obligation Refunding Bonds**

On August 8, 2006, the City issued \$4,745,000 principal amount of 2006 Taxable Pension Obligation Refunding Bonds (2006 Pension Bonds) with interest rates of 5.0%. The proceeds were used to refund a portion of the City's obligations to PERS evidenced by the PERS contract and representing the unamortized, unfunded actuarial accrued liability with respect to the pension benefits. Interest is payable semiannually on January 1 and July 1. The principal is payable annually. The bonds are subject to optional and mandatory redemption prior to maturity. The 2006 Pension Bonds are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The City is obligated to make appropriations to pay the bonds from any source of legally available funds of the City for each fiscal year.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$370,000	\$187,075	\$557,075
2014	410,000	166,725	576,725
2015	455,000	144,175	599,175
2016	500,000	119,150	619,150
2017	545,000	91,650	636,650
2018-2021	1,015,000	109,861	1,124,861
Subtotal	3,295,000	818,636	4,113,636
Less Discount	(53,907)		(53,907)
<b>Total</b>	<b>\$3,241,093</b>	<b>\$818,636</b>	<b>\$4,059,729</b>

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 8 - LONG-TERM DEBT (Continued)**

**G. Energy Conservation Loan**

On October 8, 2010 the City received a loan from the California Energy Resources Conservation and Development Commission for project costs associated with the installation of LED street lighting. Principal and interest payments are due semiannually on June 22 and December 22, with an interest rate of 1%.

The annual payment requirements on the loan were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$12,445	\$1,758	\$14,203
2014	12,570	1,633	14,203
2015	12,696	1,507	14,203
2016	12,820	1,384	14,204
2017	12,951	1,252	14,203
2018-2022	66,729	4,289	71,018
2023-2027	48,733	980	49,713
<b>Total</b>	<b>178,944</b>	<b>12,803</b>	<b>191,747</b>

**H. Capital Lease**

On August 15, 2005, the City entered into a 10 year lease agreement with Government Capital Corporation for utility metering equipment with option to purchase. The lease was in the amount of \$226,513 with interest of \$45,384, payable annually on November 15 of each year in the amount of \$22,651.

The annual payment requirements on the leases were as follows:

Year ending June 30:	Lease Payments	Interest	Total
2013	\$22,651	\$1,533	\$24,184
2014	22,651	1,048	23,699
2015	22,652	549	23,201
<b>Total</b>	<b>\$67,954</b>	<b>\$3,130</b>	<b>\$71,084</b>

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 8 - LONG-TERM DEBT (Continued)**

**I. 2002 Brisbane Public Financing Authority Revenue Bonds, Series A**

On August 1, 2002, the Authority issued \$4,450,000 principal amount Revenue Bonds, 2002 Series A to finance water system improvements and related facilities and wastewater system improvements and related facilities which constitute part of the Utility Enterprise Fund of the City.

The bonds mature annually through September 1, 2031, in amounts ranging from \$95,000 to \$290,000. The interest on the bonds is payable semiannually on each March 1 and September 1, with rates ranging from 3.25% to 5.00%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from the net revenues of the Utility Enterprise Fund of the City.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$115,000	\$172,948	\$287,948
2014	120,000	168,248	288,248
2015	125,000	163,286	288,286
2016	125,000	158,067	283,067
2017	135,000	152,458	287,458
2018-2022	775,000	662,017	1,437,017
2023-2027	990,000	447,500	1,437,500
2028-2032	1,275,000	167,125	1,442,125
<b>Total</b>	<b>\$3,660,000</b>	<b>\$2,091,649</b>	<b>\$5,751,649</b>

**J. Non-City Obligation**

The following bond issue is not reported in the City's financial statements, because it is considered special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the County of San Mateo, the State of California or any political subdivision thereof, is pledged for payment of these bonds.

	Original Amount	Outstanding June 30, 2012
Northeast Ridge Development District 2001 Act Assessment District Bonds	\$ 6,975,000	\$ 4,150,000

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 9 - NET ASSETS AND FUND BALANCES**

**A. Net Assets**

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions and are applied only to Net Assets, which is determined only at the Government-wide and proprietary funds level, and are described below:

*Invested in Capital Assets, net of related debt*, describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate-income purposes.

*Unrestricted* describes the portion of Net Assets which is not restricted to use.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

**B. Deficit Unrestricted Net Assets**

At June 30, 2012, the City had a deficit unrestricted net assets of Governmental Activities in the amount of \$5,155,917. The negative unrestricted net assets was caused by the City using Agency funds to issue bonds for assets that are used in the Parks and Recreation Fund, thus decreasing total net assets.

**C. Fund Balance**

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendables* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, and assets not expected to be converted to cash, such as prepaids, notes receivable, and advances to other funds are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 9 - NET ASSETS AND FUND BALANCES (Continued)**

*Committed* fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Detailed classifications of the City's fund balances, as of June 30, 2012, are below:

Fund Balance Classifications	General Fund	Community Redevelopment Special Revenue Fund	Low/Mod Income Housing Asset Special Revenue Fund	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendables:						
Loans receivable	\$2,090,272					\$2,090,272
Advances to other funds	540,219					540,219
<b>Total Nonspendable Fund Balances</b>	<b>2,630,491</b>					<b>2,630,491</b>
Restricted for:						
Low and moderate income housing projects			\$5,324,683			5,324,683
Debt service				\$14,874,995	\$2,845,229	17,720,224
Transportation and street					632,608	632,608
Grant activities					120,736	120,736
Special revenue activities					29,034	29,034
<b>Total Restricted Fund Balances</b>			<b>5,324,683</b>	<b>14,874,995</b>	<b>3,627,607</b>	<b>23,827,285</b>
Assigned to:						
Capital projects					670,063	670,063
Fire sinking fund	141,000					141,000
<b>Total Assigned Fund Balances</b>	<b>141,000</b>				<b>670,063</b>	<b>811,063</b>
Unassigned:						
General fund	6,755,811					6,755,811
Other governmental fund deficit residuals					(1,034,363)	(1,034,363)
<b>Total Unassigned Fund Balances</b>	<b>6,755,811</b>				<b>(1,034,363)</b>	<b>5,721,448</b>
<b>Total Fund Balances</b>	<b>\$9,527,302</b>		<b>\$5,324,683</b>	<b>\$14,874,995</b>	<b>\$3,263,307</b>	<b>\$32,990,287</b>



**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 9 - NET ASSETS AND FUND BALANCES (Continued)**

***D. Minimum Fund Balance Policies***

The City is required to maintain fund or working capital balances of at least 50% of operating expenditures in the General Fund and 20% of Utility and Parks and Recreation Funds Enterprise funds. This is considered the minimum level necessary to maintain the City's credit worthiness and to adequately provide for:

1. Economic uncertainties, local disasters, and other financial hardships, or downturns in the local or national economy.
2. Contingencies for unseen operating or capital needs.
3. Cash flow requirements.

For General Fund assets, the City is required to establish and maintain an Equipment Replacement Fund to provide for the timely replacement of vehicles and capital equipment with an individual replacement cost of \$15,000 or more. The City is also required to maintain a minimum fund balance in the Equipment Replacement Fund of at least 20% of the original purchase cost of the items accounted for in this fund. The annual contribution to this fund will generally be based on the annual use allowance, which is determined based on the estimated life of the vehicle or equipment and its cost of replacement. Interest earnings and sales of surplus equipment as well as any related damage or insurance recoveries will be credited to the Equipment Replacement fund

The Council may designate specific fund balance levels for future development of capital projects, which it has determined to be in the best long-term interests of the City.

In addition to the designations noted above, fund balance levels will be sufficient to meet funding requirements for projects approved in prior years which are carried forward into the new year; debt service reserve requirements, reserves for encumbrances; and other reserves or designations required by contractual obligations, state law, or generally accepted accounting principles.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 9 - NET ASSETS AND FUND BALANCES (Continued)**

**E. Deficit Fund Balances/Net Assets**

The following funds had deficit fund balances, which will be eliminated through the reduction in expenditures and/or the use of new funding sources:

Funds	Deficit Fund Balances/ Net Assets
<b>Non-Major Governmental Funds:</b>	
Sierra Point Landscape & Lighting Special Revenue Fund	\$263,732
NPDES Special Revenue Fund	57,815
Tunnel Avenue Bridge Project Capital Project	712,816
<b>Internal Service Fund:</b>	
Workers' Compensation	687,944
<b>Private Purpose Trust Funds:</b>	
NER/Landmark Revolving Fund	41,399
Professional Organization Fund	290
Brisbane Recycling Organizations Fund	7,089
Successor Agency	17,936,133

**NOTE 10 – RETIREMENT BENEFITS**

***CALPERS Safety and Miscellaneous Employees Plans***

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2012, are summarized as follows:

	Safety	Miscellaneous 1st Tier	Miscellaneous 2nd Tier
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Monthly benefit factors, as a % of annual salary	2.4%-3.0%	2.0% - 2.7%	1.1%-2.4%
Required employee contribution rates	9%	8%	7%
Required employer contribution rates	21.252%	16.790%	8.197%

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 10 – RETIREMENT BENEFITS (Continued)**

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City’s total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee’s projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability.

The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$1,231,337	100%	\$0
June 30, 2011	1,124,006	100%	0
June 30, 2012	1,270,829	100%	0

CALPERS uses the market related value method of valuing the Plan’s assets. An investment rate of return of 7.75% is assumed, including inflation at 3%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Gain and losses that occur in the operation of risk pool are amortized over a rolling thirty year period.

The City prepaid its pension contributions with proceeds from the Pension Obligation Bonds (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Prepaid Pension Obligations which amounted to \$3,561,622 at June 30, 2012.

As required by State law, effective July 1, 2005, the City’s Safety and Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERS to join a new State-wide pool. One of the conditions of entry to these pools was that the City true-up any unfunded liability in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS.

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. CALPERS’ latest actuarial value (which differs from market value) and funding progress for the State-wide pools are shown below:

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 10 – RETIREMENT BENEFITS (Continued)**

*State-wide pool Safety Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2008	\$1,755,559,311	\$1,517,609,609	\$237,949,702	86.4%	\$210,590,567	113.0%
2009	1,802,882,330	1,520,081,328	282,801,002	84.3%	221,600,192	127.6%
2010	1,915,095,826	1,628,915,283	286,180,543	85.1%	224,562,008	127.4%

The City's Safety Plan represents approximately 1.2%, 1.3%, and 1.3% of the State-wide pool for the years ended June 30, 2010, 2009 and 2008, respectively, based on covered payroll of \$2,696,859, \$2,787,126 and \$2,836,843 for those years.

*State-wide pool Miscellaneous Plan Tier 1:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2008	\$1,823,366,479	\$1,529,548,799	\$293,817,680	83.9%	\$414,589,514	70.9%
2009	2,140,438,884	1,674,260,302	466,178,582	78.2%	440,071,499	105.9%
2010	2,297,871,345	1,815,671,616	482,199,729	79.0%	434,023,381	111.1%

The City's Miscellaneous Plan for Tier 1 represents approximately 1.1%, 1.1%, and 1.1%, of the State-wide pool for the years ended June 30, 2010, 2009, and 2008, respectively, based on covered payroll of \$4,792,080, \$4,812,621 and \$4,429,158 for those years.

*State-wide pool Miscellaneous Plan Tier 2:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2008	\$532,483,463	\$513,147,099	\$19,336,364	96.4%	\$183,387,608	10.5%
2009	582,841,869	553,953,526	28,888,343	95.0%	184,319,666	15.7%
2010	624,423,437	594,492,164	29,931,273	95.2%	186,777,830	16.0%

The City's Miscellaneous Plan for Tier 2 represents approximately 0.0% and 0.0%, of the State-wide pool for the years ended June 30, 2010 and 2009 respectively, based on covered payroll of \$1,454 and \$6,982 for those years.

Audited annual financial statements and ten year statistical comparison are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**A. Plan Description and Funding Policy**

The City administers a single-employer defined benefit post employment healthcare plan. Employees hired prior to July 1, 2008, have the stipulated years of service, and retire directly from the City, are eligible to receive up to the Kaiser rate (family or single, depending on MOU) and the Medicare eligible rate after reaching the age of 65. This same benefit may continue to a surviving spouse depending on the retirement plan election. Currently there are 34 retirees receiving post employment health care benefits from the City.

	<b>Exec Mgmt, HR Admin, Conf Mgmt, Police Chief</b>	<b>Conf, Mid-Mgmt, Police Commanders</b>	<b>General, Firefighters, Police Officers</b>						
▪ <b>Eligibility</b>	Hired < 7/1/08 and Retire Directly from the City								
	<ul style="list-style-type: none"> <li>• 10 years of Municipal Government Service</li> </ul>	<ul style="list-style-type: none"> <li>• 15 years of Municipal Government service</li> </ul>	<ul style="list-style-type: none"> <li>• 15 years of City service</li> </ul>						
▪ <b>Cash Stipend</b>	<ul style="list-style-type: none"> <li>• Up to Kaiser family</li> <li>• Medicare eligible rate ≥ 65</li> </ul>	<ul style="list-style-type: none"> <li>• Up to Kaiser family</li> <li>• Medicare eligible rate ≥ 65</li> </ul>	<ul style="list-style-type: none"> <li>• Up to Kaiser single</li> <li>• Medicare eligible rate ≥ 65</li> </ul>						
▪ <b>Medical After Retirement Account (MARA)</b>	Hired < 7/1/08:		Hired ≥ 7/1/08:						
	<ul style="list-style-type: none"> <li>• Optional Employee contribution</li> <li>• If opt out of Cash Stipend: <ul style="list-style-type: none"> <li>➢ City contributes 3%</li> <li>➢ City matches up to 2% if EE contributes up to 5%</li> <li>➢ Max total City contribution 5%</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• MARA only, no Cash Stipend</li> <li>• City contributes 1.5%</li> <li>• City matches up to 1% if EE contributes up to 2.5%</li> <li>• Max total City 2.5%</li> </ul>						
▪ <b>PEMHCA minimum</b>	<ul style="list-style-type: none"> <li>• Retirees not eligible for Cash Stipend</li> <li>• Includes hourly employees and City Council</li> </ul> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Monthly Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2011</td> <td style="text-align: center;">108.00</td> </tr> <tr> <td style="text-align: center;">2012</td> <td style="text-align: center;">112.00</td> </tr> </tbody> </table>			<u>Year</u>	<u>Monthly Amount</u>	2011	108.00	2012	112.00
<u>Year</u>	<u>Monthly Amount</u>								
2011	108.00								
2012	112.00								
▪ <b>Surviving Spouse Benefit</b>	<ul style="list-style-type: none"> <li>• Retirement plan election</li> <li>• PEMHCA minimum benefit continues to surviving spouses</li> <li>• No Cash Stipend for surviving spouses</li> </ul>								
▪ <b>Dental, Vision &amp; Life</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>								
▪ <b>Pay-As-You-Go Costs</b>	<u>Year</u>	<u>Payment</u>							
	2011/12	\$ 177,626							

As of June 30, 2012, approximately 98 participants were eligible to receive benefits.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**B. Funding Policy and Actuarial Assumptions**

The annual required contribution (ARC) was determined as part of a June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.25% investment rate of return, (b) 1% projected annual salary increase, and (c) 3% general inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over fixed 30 year closed amortization period.

**C. Funding Progress and Funded Status**

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2012, the City has calculated and recorded the Net OPEB obligation, representing the difference between the ARC and contributions as presented below:

	Governmental Activities
Annual required contribution (ARC)	\$955,281
Interest on Net OPEB Obligation	98,055
Adjustment to annual required contribution	(121,048)
Annual OPEB cost	932,288
Contributions made:	
Age adjusted contributions	(272,301)
Change in Net OPEB Obligation	659,987
Net OPEB Obligation June 30, 2011	2,307,155
Net OPEB Obligation June 30, 2012	\$2,967,142

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The Plan's annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$903,000	\$134,261	15%	\$1,564,421
6/30/2011	929,411	186,677	20%	2,307,155
6/30/2012	932,288	272,301	29%	2,967,142

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the most recent actuarial study is presented below:

Fiscal Year	Actuarial Value of Assets (A)	Underfunded Actuarial Accrued Liability (UAAL) (B)	Covered Payroll (C)	Funded Ratio (A/B)
6/30/2008	\$0	\$7,118,000	\$6,603,000	107.80%
6/30/2011	0	9,925,251	5,849,067	169.69%

**NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters and employee health insurance claims. The City participates in the following public entity risk pools.

**A. General Liability Insurance**

The City is a member of Bay Cities Joint Powers Insurance Authority. The Bay Cities Joint Powers Insurance Authority is a public agency created in 1986 by and among various municipalities in Northern California to provide a pooled approach to liability insurance pursuant to the California Government Code. The Bay Cities Joint Powers Insurance Authority is governed by a Board of Directors which is comprised of appointed officials from the member entities. The purpose of the pool is to provide certain levels of liability coverage, claims administration, and loss control support to member agencies. Annually, each member pays an actuarially determined premium based on a formula which takes into account the prior three years' loss experience, annual payroll, and population.

The City self-insures the first \$25,000 of each liability loss. The Bay Cities Joint Powers Insurance Authority pools the layer from \$25,001 to \$1,000,000 and purchases excess insurance from \$1 million to \$28 million per year.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 12 - RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

On July 1, 2000, the City became a member of Workers' Compensation from Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). The City is self-insured for the first \$150,000 of a claim. The LAWCX covers claims from \$150,001 to \$1,000,000 and purchases excess insurance from \$1,000,000 up to statutory limit. Prior to July 1, 2000 the City was a member of the San Mateo County Cities Group (Cities Group). When the City left the Cities Group it took on the responsibility for all current and future claims which would have been covered by the Cities Group.

The LAWCX is a public agency created in 1992 by and among self-insured workers' compensation joint power authorities, individual public entities, and special districts throughout California to provide a pooled approach to excess workers' compensation insurance pursuant to the California Government Code. The LAWCX is governed by a Board of Directors which is comprised of appointed officials from its member entities. The purpose of the pool is to provide excess workers' compensation insurance to its member agencies. Annually each member pays an actuarially determined premium based on a formula approved by the Board of Directors.

**C. Long-Term Disability and Other Benefit Insurance**

Other coverage provided to the City's workers, such as long-term disability, and unemployment insurance are covered by purchased insurance.

As of June 30, 2012, the estimated claims payable for general liability and workers' compensation was \$934,104, which included claims incurred but not reported (IBNR). There were no reductions in insurance coverage from the prior year and no insurance settlement exceeded coverage in each of the past three years.

Beginning balance of claims payable	\$763,547
Increase in estimated claims liability	377,295
Claims paid	<u>(206,738)</u>
Ending balance of claims payable	<u><u>\$934,104</u></u>
 Current Portion	 <u><u>\$263,881</u></u>



**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES**

**A.     *Lawsuits***

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, will not have a material adverse effect on the financial condition of the City.

**B.     *Federal and State Grant Programs***

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government.

**C.     *Major Construction***

The City has various major construction projects not completed as of June 30, 2012.

Bayshore Bikeway Phase II – This project will construct a four to five foot wide Class II bikeway along Bayshore Boulevard from Valley Drive to the northern city limit at Geneva Avenue. Funding for the project is from the federal Transportation Enhancement (TE) Funds. The remaining commitment is \$245,571.

Bus Shelter Improvement – This project is to construct bus stop improvements using an agreement with Daly City who will pass through construction funding that was received from the San Mateo County Transit District (Samtrans). The Samtrans study identified the need for bus stop improvements, while the users of the transit stop are residents of Daly City, and the improvements are located within the City of Brisbane right of way. The commitment at June 30, 2012 is \$187,150.

**D.     *Operating Leases***

The City leased three Konica copiers from Caltronics Business Systems for the operations of the City. The total amount of the lease amounted to \$159,208. The City does not intend to capitalize the copiers at the end of the lease. All payments were expenditures from the General Fund. The rental cost for the year ended June 30, 2012 was \$40,113.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

*E. Encumbrances*

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2012 were as listed below:

Governmental funds:	<u>Amount</u>
General Fund	\$47,064
Other Governmental Funds	<u>1,988</u>
Total	<u><u>\$49,052</u></u>

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 14 - SEGMENT INFORMATION**

The City issued revenue bonds to finance its sewer department, which operates the government's sewage system, which pumps sewage to the City of San Francisco. The water, sewer and Guadalupe Valley Municipal Improvement District activities are accounted for in the Utility Enterprise Fund. Segment information is presented below:

**Utility Fund Statement of Net Assets**

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$102,266	\$341	\$494	\$103,101
Accounts receivable, net	273,968	273,968	273,969	821,905
Taxes receivable			768	768
Other assets	40,588		19,338	59,926
<b>Total current assets</b>	<b>416,822</b>	<b>274,309</b>	<b>294,569</b>	<b>985,700</b>
Noncurrent assets:				
Capital assets:				
Non-depreciable	88,912	63,803	558,903	711,618
Depreciable, net	9,285,448	4,025,972	15,070,986	28,382,406
<b>Total noncurrent assets</b>	<b>9,374,360</b>	<b>4,089,775</b>	<b>15,629,889</b>	<b>29,094,024</b>
<b>Total assets</b>	<b>9,791,182</b>	<b>4,364,084</b>	<b>15,924,458</b>	<b>30,079,724</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	127,289	6,697	67,410	201,396
Interest payable	19,607	19,607	19,607	58,821
Compensated absences	5,204	2,247	2,261	9,712
Due to other funds	206,171	229,767	327,370	763,308
Deposits	3,843	3,843	3,844	11,530
Accrued payroll	13,298	8,629	4,950	26,877
Capital lease due within one year	11,326		11,325	22,651
Bonds payable due within one year	38,333	38,333	38,334	115,000
<b>Total current liabilities</b>	<b>425,071</b>	<b>309,123</b>	<b>475,101</b>	<b>1,209,295</b>
Noncurrent liabilities:				
Compensated absences	15,613	6,740	6,783	29,136
Advances from other funds	373,755	180,073	383,444	937,272
Capital lease due in more than one year	22,651		22,652	45,303
Bonds payable due in more than one year	1,181,667	1,181,667	1,181,666	3,545,000
OPEB Obligation		82,365		82,365
<b>Total noncurrent liabilities</b>	<b>1,593,686</b>	<b>1,450,845</b>	<b>1,594,545</b>	<b>4,639,076</b>
<b>Total liabilities</b>	<b>2,018,757</b>	<b>1,759,968</b>	<b>2,069,646</b>	<b>5,848,371</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	8,120,383	2,869,775	14,375,912	25,366,070
Restricted for:				
Capital projects	717,981	40,904		758,885
Unrestricted	(1,065,939)	(306,563)	(521,100)	(1,893,602)
<b>Total net assets</b>	<b>\$7,772,425</b>	<b>\$2,604,116</b>	<b>\$13,854,812</b>	<b>\$24,231,353</b>

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 14 - SEGMENT INFORMATION (Continued)**

**Utility Fund Statement of Activities**

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
<b>OPERATING REVENUES:</b>				
Charges for services	\$1,449,195	\$1,142,915	\$1,656,001	\$4,248,111
<b>Total operating revenues</b>	<b>1,449,195</b>	<b>1,142,915</b>	<b>1,656,001</b>	<b>4,248,111</b>
<b>OPERATING EXPENSES:</b>				
Costs of sales and services	473,651	372,386	533,857	1,379,894
General and administrative	625,474	577,023	379,155	1,581,652
Depreciation	186,090	103,485	394,474	684,049
<b>Total operating expenses</b>	<b>1,285,215</b>	<b>1,052,894</b>	<b>1,307,486</b>	<b>3,645,595</b>
<b>OPERATING INCOME (LOSS)</b>	<b>163,980</b>	<b>90,021</b>	<b>348,515</b>	<b>602,516</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes and assessments			29,208	29,208
Intergovernmental	185,231			185,231
Investment income	(1,202)	(1,202)	(1,197)	(3,601)
Interest expense	(45,427)	(42,929)	(90,159)	(178,515)
<b>Total nonoperating revenues (expenses)</b>	<b>138,602</b>	<b>(44,131)</b>	<b>(62,148)</b>	<b>32,323</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION AND TRANSFERS</b>	<b>302,582</b>	<b>45,890</b>	<b>286,367</b>	<b>634,839</b>
Capital Contribution			101,826	101,826
Transfers in	32,000		4,503	36,503
Transfers out	(23,761)		(27,513)	(51,274)
<b>Total transfers in and out</b>	<b>8,239</b>		<b>78,816</b>	<b>87,055</b>
<b>Change in net assets</b>	<b>310,821</b>	<b>45,890</b>	<b>365,183</b>	<b>721,894</b>
<b>NET ASSETS:</b>				
Beginning of year	7,461,604	2,558,226	13,489,629	23,509,459
End of year	\$7,772,425	\$2,604,116	\$13,854,812	\$24,231,353

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 14 - SEGMENT INFORMATION (Continued)**

**Utility Fund Statement of Cash Flows**

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$1,426,490	\$1,120,209	\$1,633,294	\$4,179,993
Cash payments to suppliers	(449,817)	(466,861)	(570,213)	(1,486,891)
Cash payments for general and administrative	(606,068)	(597,721)	(375,629)	(1,579,418)
Cash received from (payments to) other funds		18,961		18,961
Cash received from (payments to) other	40,588		18,600	59,188
<b>Net cash provided (used) by operating activities</b>	<b>411,193</b>	<b>74,588</b>	<b>706,052</b>	<b>1,191,833</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Grants received	185,231			185,231
Taxes received			28,470	28,470
Transfers in	32,000		4,503	36,503
Transfers out	(23,761)		(27,513)	(51,274)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>193,470</b>		<b>5,460</b>	<b>198,930</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of property, plant and equipment	(817,557)	269,554	(162,658)	(710,661)
Capital Lease payment	(11,326)		(11,325)	(22,651)
Principal payment of debt	(38,333)	(38,333)	(38,334)	(115,000)
Due to other funds	188,755	(187,649)	(190,045)	(188,939)
Advances from other funds	304,411	(73,145)	(280,645)	(49,379)
Interest paid	(25,316)	(43,471)	(128,644)	(197,431)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(399,366)</b>	<b>(73,044)</b>	<b>(811,651)</b>	<b>(1,284,061)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income received	(1,202)	(1,202)	(1,197)	(3,601)
<b>Net cash provided (used) by investing activities</b>	<b>(1,202)</b>	<b>(1,202)</b>	<b>(1,197)</b>	<b>(3,601)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>204,095</b>	<b>342</b>	<b>(101,336)</b>	<b>103,101</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year				
End of year	<b>\$204,095</b>	<b>\$342</b>	<b>(\$101,336)</b>	<b>\$103,101</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$163,980	\$90,021	\$348,515	\$602,516
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	186,090	103,485	394,474	684,049
Changes in current assets and liabilities:				
Accounts receivable	(22,705)	(22,706)	(22,707)	(68,118)
Taxes receivable			(738)	(738)
Other assets	40,588		19,338	59,926
Accounts payable and accrued liabilities	46,892	(94,065)	(35,946)	(83,119)
Accrued payroll	4,439	4,706	(3,064)	6,081
Compensated absences	(7,681)	(25,404)	6,590	(26,495)
Deposits	(410)	(410)	(410)	(1,230)
OPEB Obligation		18,961		18,961
Total adjustments	<b>247,213</b>	<b>(15,433)</b>	<b>357,537</b>	<b>589,317</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$411,193</b>	<b>\$74,588</b>	<b>\$706,052</b>	<b>\$1,191,833</b>

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES</b>
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**A. *Redevelopment Dissolution***

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

In addition, ABx1 26 and AB1484 direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller's Office has not yet scheduled its asset transfer review.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain housing assets of the Redevelopment Agency were distributed to a Housing Successor and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City did elect to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the Low/Mod Income Housing Asset Special Revenue Fund.

The City elected to serve as the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on April 4, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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A summary of the Redevelopment Agency's assets distributed to and liabilities assumed by the Successor Agency and Housing Successor, reported as an Extraordinary Item, is presented below:

	Assets and Liabilities (Prior to Transfer)	Transfer to Successor Agency	Transfer to Housing Successor	Adjustments	Ending Balance January 31, 2012
<b>ASSETS</b>					
Cash and investments	\$6,342,814	\$5,882,091	\$460,723		
Restricted cash and investments	119,652	119,652			
Loans receivable	3,122,876		8,439,682	\$5,316,806	
Advance to the former Redevelopment Agency	4,099,278			(4,099,278)	
Due from other funds	1,217,528			(1,217,528)	
Capital assets:					
Nondepreciable	2,441,997	2,441,997			
Depreciable, net of accumulated depreciation	71,940	71,940			
Total assets	17,416,085	8,515,680	8,900,405		
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	959	114	845		
Due to other funds	1,217,528			(1,217,528)	
Deferred revenue	3,122,876		3,122,876		
Long-term debt - due within one year	614,983	614,983			
Total current liabilities	4,956,346	615,097	3,123,721	(1,217,528)	
Noncurrent liabilities:					
Loans payable	7,688,382	8,905,910		1,217,528	
Long-term debt - due in more than one year	15,058,221	15,058,221			
Total noncurrent liabilities	22,746,603	23,964,131		1,217,528	
Total Liabilities	27,702,949	24,579,228	3,123,721		
NET ASSETS	(\$10,286,864)	(\$16,063,548)	\$5,776,684		

Cash and investments of the Successor Agency as of June 30, 2012 are discussed in Note 3 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2012.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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**B. Capital Assets**

The Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency’s policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Land Improvements	20 – 50 years
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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalization level is \$5,000 for general capital assets and \$25,000 for all infrastructure.



**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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Capital assets recorded at June 30 comprise:

	Transfer from Redevelopment Agency February 1, 2012	Additions	Balance June 30, 2012
Capital assets, not being depreciated:			
Land	\$2,441,997		\$2,441,997
Capital assets, being depreciated:			
Land improvements	80,051		80,051
Accumulated depreciation	(8,111)	(\$513)	(8,624)
Total capital assets, being depreciated	71,940	(513)	71,427
Total Capital assets	\$2,513,937	(\$513)	\$2,513,424

**C. Long-Term Obligations**

The Successor Agency assumed the long-term debt, notes and loans of the Redevelopment Agency as of February 1, 2012.

**1. Revenue Bonds, Tax Allocation Bonds and Loans**

Description	Transfer from Redevelopment Agency as of February 1, 2012	Retirements	Balance June 30, 2012	Current Portion
1998 Housing Set-Aside Revenue Bonds	\$1,215,000		\$1,215,000	\$50,000
2001 Tax Allocation Bonds	13,165,000	(\$355,000)	12,810,000	395,000
2005 Brisbane PFA, Series A	1,293,204	(166,650)	1,126,554	169,983
Housing Successor Loans				
SERAF	1,217,528		1,217,528	
City's General Fund	1,293,108		1,293,108	
Public Financing Authority	2,295,996		2,295,996	
Housing Successor	4,099,278		4,099,278	
<b>Total</b>	\$24,579,114	(\$521,650)	\$24,057,464	\$614,983

All of the long-term obligations of the Successor Agency are comprised of Revenue Bonds, Tax Allocation Bonds and loans issued by the former Redevelopment Agency. The Bonds and loans are special obligations of the Agency and were secured by the Agency's tax increment revenues.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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**2. 1998 Housing Set-Aside Revenue Bonds**

The Agency issued \$1,660,000 principal amount 1998 Housing Set-Aside Revenue Bonds to affect a loan to Bridge Housing Corporation in connection with the construction of a 14 unit multi-family rental housing project called the Brisbane Senior Homes Apartments. The bonds mature annually through September 1, 2013, in amounts ranging from \$25,000 to \$50,000 and term bonds maturing in 2027. The interest on the bonds is payable semiannually on each March 1 and September 1, with rates from 4.25% to 5.70%. The bonds are payable solely from the 20% tax increment housing set-aside of Redevelopment Area #2. Annual principal and interest payments on the bonds are expected to require less than 50% of the set-aside revenues.

The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$50,000	\$67,780	\$117,780
2014	50,000	64,968	114,968
2015	55,000	61,987	116,987
2016	55,000	58,853	113,853
2017	60,000	55,575	115,575
2018-2022	360,000	220,020	580,020
2023-2027	475,000	101,887	576,887
2028	110,000	3,135	113,135
<b>Total</b>	<b>\$1,215,000</b>	<b>\$634,205</b>	<b>\$1,849,205</b>

**3. 2001 Tax Allocation Bonds**

On March 1, 2001 the Agency issued \$15,000,000 of Brisbane Community Redevelopment Project Area #1 2001 Tax Allocation Bonds (Bonds) to refund the 1984 Tax Allocation Bonds and to satisfy the Agency's obligation under the 1984 Lease/Leaseback agreement (Deferred Rent Payable). On the same date the Agency and the Brisbane Public Financing Authority (Authority) entered into a bond purchase contract (Contract) whereby the Authority issued the Brisbane Public Financing Authority 2001 Revenue Bonds, Series A in the amount of \$26,300,000 in part to acquire the Agency's Project Area Number 1 2001 Tax Allocation Bonds.

The 2001 Tax Allocation Bonds mature annually through May 1, 2026 in amounts ranging from \$80,000 to \$1,725,000 beginning May 1, 2003. The Bonds bear interest at a rate per annum equal to 12%. Interest is payable semiannually on May 1 and November 1. The principal is payable annually. The Bonds are subject to optional and mandatory redemption prior to maturity. The Bonds are payable from and secured by certain tax revenues payable to the Agency.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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The annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal	Interest	Total
2013	\$395,000	\$1,537,200	\$1,932,200
2014	445,000	1,489,800	1,934,800
2015	495,000	1,436,400	1,931,400
2016	555,000	1,377,000	1,932,000
2017	625,000	1,310,400	1,935,400
2018-2022	4,425,000	5,235,000	9,660,000
2023-2026	5,870,000	1,860,000	7,730,000
<b>Total</b>	<b>\$12,810,000</b>	<b>\$14,245,800</b>	<b>\$27,055,800</b>

As discussed above, the Agency had pledged housing revenues for the repayment of the 1998 Revenue Bonds. The Agency had pledged non-housing tax increment revenues for the repayment of the 2001 Tax Allocation Bonds. The pledge of all future housing tax increment revenues ends upon repayment of \$1,849,205 remaining housing debt service on the Bonds above which is scheduled to occur in 2028. The pledge of all future non-housing tax increment revenues ends upon repayment of \$27,055,800 remaining non-housing debt service on the Bonds above which is scheduled to occur in 2026.

**4. 2005 Brisbane Public Financing Authority Revenue Bonds, Series A**

On February 1, 2005, the Authority issued \$3,265,000 principal amount of 2005A Revenue Bonds to refund the 1995 certificates of participation.

The 2005A bonds mature annually through April 1 2017, in amounts ranging from \$190,000 to \$310,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.00% to 3.75%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds secured by the lease agreement between the Agency and the City whereby tax increment was pledged for 66.66% of the debt service.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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Accordingly, 66.66% of the annual debt service requirements on the bonds were as follows:

Year ending June 30:	Principal (66.66%)	Interest (66.66%)	Total
2013	\$169,983	\$41,336	\$211,319
2014	176,649	35,811	212,460
2015	183,315	29,805	213,120
2016	189,981	23,389	213,370
2017	199,980	16,265	216,245
2018	206,646	8,266	214,912
<b>Total</b>	<b>\$1,126,554</b>	<b>\$154,872</b>	<b>\$1,281,426</b>

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. Using both property taxes received by the Redevelopment Agency prior to the dissolution and by the Successor Agency after the dissolution, total collections were \$985,138 which represented coverage of 44% of the \$2,263,422 of debt service.

**5. Loans Payable**

**SERAF** – In fiscal year June 30, 2011, the Agency approved a short term interfund borrowing authorizing the RDA #1 and RDA #2 to borrow \$1,217,528 from the Low and Moderate Income Housing Fund to assist in making the Agency’s 2010-11 payment to the Supplemental Educational Revenue Augmentation Fund (SERAF). This loan does not bear interest and is repayable as a Recognized Obligation of the Successor Agency. The balance of the loan at June 30, 2012 was \$1,217,528.

**Citys General Fund** - The Agency had approved an interfund advance authorizing the former Community Redevelopment Agency Special Revenue Fund to borrow funds from the Low and Moderate Income Housing Fund to cover the operating shortfall of RDA project area #2 through fiscal year 2000. This loan does not bear interest and is repayable as a Recognized Obligation of the Successor Agency. The balance of the loan at June 30, 2012 was \$1,293,108.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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**Public Financing Authority** - Advance from Brisbane Public Financing Authority 2001 Revenue Bonds, Series A Debt Service Fund to Community Redevelopment Agency - \$2,295,996 and the Advance from the Parks and Recreation Enterprise Fund (specifically, the Marina) to the Brisbane Public Financing Authority in the same amount are interrelated, as follows:

On March 1, 2001, the Agency issued \$15,000,000 of Brisbane Community Redevelopment Project Area #1 2001 Tax Allocation Bonds (2001 Tax Allocation Bonds) to refund the 1984 Tax Allocation Bonds and to satisfy the Agency's obligation under the 1984 Lease/Leaseback agreement (Deferred Rent Payable). Part of the proceeds of the 1984 Tax Allocation Bonds were used to build the Marina.

The Agency and the Authority entered into a bond purchase contract (Contract) on March 1, 2001. According to the Contract, the Authority issued Brisbane Public Financing Authority (BPFA) 2001 Revenue Bonds, Series A in the amount of \$26,300,000 to acquire the Bonds.

As part of the funding for this debt, the Agency provided an equity contribution of \$295,996 to be placed in an Escrow Fund along with the proceeds of the Agency Bonds. The City contributed \$2,000,000 towards the purchase of the 2001 Tax Allocation Bonds.

Therefore, a total of \$2,295,996 was recorded as an advance from the Parks and Recreations Enterprise Fund to the BPFA 2001 Revenue Bonds Series A Debt Service Fund which in turn advanced the amount to the Community Redevelopment Agency Special Revenue Fund. The advance is to be paid from tax increment of the Redevelopment Agency when the bonds have matured.

**Housing Successor Loan** – During the fiscal year ended June 30, 2011, the Low & Moderate Income Housing Special Revenue Fund had advanced \$4,099,278 to the Project Area #1 Special Revenue Fund, which represents a portion of the 20% housing set-aside funding deferred until future projects and funding become available.

The above loans had previously been reported as short-term borrowings and interfund advances within the Redevelopment Agency, but with the transfer of the Redevelopment Agency's liabilities to the Successor Agency, the advances are now reported as long-term debt of the Successor Agency. These loans were originally required to be repaid by the dates noted above, however repayment is now contingent upon the Successor Agency receiving a Finding of Completion, as defined in Health and Safety Code Section 34179.6. After the Successor Agency receives a Finding of Completion, and under the provisions of Health and Safety Code Section 34191.4(b)(2)(A), the loans can be repaid by the Successor Agency. However, the Successor Agency must apply for approval of the loans by the Oversight Board including a finding that the loans were for legitimate redevelopment purposes. If the oversight board finds that the loans are an enforceable obligation, the loans are to be repaid in accordance with a defined schedule over a reasonable term of years. Repayment can not begin prior to fiscal year 2014 and the maximum annual repayment amount is limited based on calculations in the Code Section.

**CITY OF BRISBANE**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2012**

<b>NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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**D. Commitments and Contingencies**

***State Approval of Enforceable Obligations***

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

***State Asset Transfer Review***

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

<b>NOTE 16 – CONCENTRATION RISK</b>
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The City has a economic dependency on revenues generated directly or indirectly from one of the City's largest sales tax providers. For the year ended June 30, 2012, more than 49% of the City General Fund's total revenues are derived from this Company. The City has been notified that the Company is planning on moving its operations out of the City in calendar 2013 which will adversely impact General Fund Revenues. The City is uncertain of the exact timing. However, the City has worked with a large recycling firm to collect a special business license tax to cover the proposed expansion of its facilities. This will most likely replace the lost sales tax. The City Council passed and placed the item on the November 2011 ballot. The ballot measure passed and the first payment is expected by June 30, 2013.

<b>NOTE 17 – SUBSEQUENT EVENT</b>
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***2012 Public Financing Authority Installment Sale Agreement***

On July 19, 2012, the Brisbane Public Financing Authority issued an Installment Sale Agreement in the original principal amount of \$3,590,000 to provide for a refunding of the City's outstanding 2002 Public Financing Authority Revenue Bonds, Series A. Principal payments are due annually on September 1, with interest payments payable semi-annually on September 1 and March 1 through September 1, 2031 at an interest rate of 3.46%.

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**REQUIRED SUPPLEMENTARY INFORMATION**



CITY OF BRISBANE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$8,167,558	\$8,167,558	\$9,025,762	\$858,204
Intergovernmental	42,745	42,745	26,166	(16,579)
Licenses, permits and fees	756,936	924,936	930,731	5,795
Charges for services	301,154	301,154	352,947	51,793
Fines and forfeitures	110,364	110,364	79,211	(31,153)
Use of money and property	247,091	247,091	121,128	(125,963)
Other revenues	1,861,431	1,861,431	2,090,585	229,154
Total Revenues	11,487,279	11,655,279	12,626,530	971,251
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	3,660,353	3,656,603	3,491,843	164,760
Public safety - police	2,996,435	2,996,435	2,699,400	297,035
Public safety - fire	2,404,825	2,404,825	2,339,924	64,901
Public works	1,382,930	1,309,224	925,339	383,885
Library	28,930	28,930	26,305	2,625
Capital outlay	196,606	115,000	68,091	46,909
<b>Debt service:</b>				
Principal			10,986	(10,986)
Interest and fiscal charges			3,218	(3,218)
Total Expenditures	10,670,079	10,511,017	9,565,106	945,911
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	817,200	1,144,262	3,061,424	1,917,162
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,277,253	1,277,253	1,219,926	(57,327)
Transfers (out)	(2,349,012)	(2,349,012)	(2,352,463)	(3,451)
Total other financing sources (uses)	(1,071,759)	(1,071,759)	(1,132,537)	(60,778)
<b>NET CHANGE IN FUND BALANCE</b>	(\$254,559)	\$72,503	1,928,887	\$1,856,384
<b>BEGINNING FUND BALANCE</b>			7,598,415	
<b>ENDING FUND BALANCE</b>			\$9,527,302	

CITY OF BRISBANE  
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>GOVERNMENTAL REVENUES</b>				
Taxes and special assessments	\$5,002,207	\$5,002,207	\$2,169,717	(\$2,832,490)
Use of money and property			12,953	12,953
Total Revenues	<u>5,002,207</u>	<u>5,002,207</u>	<u>2,182,670</u>	<u>(2,819,537)</u>
<b>EXPENDITURES</b>				
Current:				
General government			453	(453)
Public works	616,363	616,363	363,009	253,354
Capital outlay			1,925,835	(1,925,835)
Debt service:				
Interest and fiscal charges			789,900	(789,900)
Total Expenditures	<u>616,363</u>	<u>616,363</u>	<u>3,079,197</u>	<u>(2,462,834)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,385,844</u>	<u>4,385,844</u>	<u>(896,527)</u>	<u>(5,282,371)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			255,544	255,544
Transfers (out)	(2,511,565)	(2,511,565)	(472,871)	2,038,694
Total Other Financing Sources (Uses)	<u>(2,511,565)</u>	<u>(2,511,565)</u>	<u>(217,327)</u>	<u>2,294,238</u>
<b>NET CHANGE IN FUND BALANCE BEFORE BEFORE EXTRAORDINARY ITEM</b>	<u>1,874,279</u>	<u>1,874,279</u>	<u>(1,113,854)</u>	<u>(2,988,133)</u>
<b>EXTRAORDINARY ITEM</b>				
Assets transferred to/liabilities assumed by Successor Agency			(2,747,487)	(2,747,487)
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$1,874,279</u></u>	<u><u>\$1,874,279</u></u>	<u><u>(3,861,341)</u></u>	<u><u>(\$5,735,620)</u></u>
<b>BEGINNING FUND BALANCE</b>			<u>3,861,341</u>	
<b>ENDING FUND BALANCE</b>			<u><u>                    </u></u>	

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## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and the debt service funds. The Low/Mod Income Housing Asset, Prop 1B, Traffic Congestion Relief, Fire Training, and Contract Employees Special Revenue Funds and the capital projects funds did not have adopted budgets for the fiscal year. The Trust and Agency funds are not budgeted. The legal level of budgetary control is the fund level.
4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2012, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered are re-budgeted for the coming year.

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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**Gas Tax Fund.** Portions of the tax rate per gallon levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditures by the State of California for street-related purposes only (reference California Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5).

**Prop 1 B Fund.** To account for the monies received under the State Proposition 1B program and used for roads and transportation.

**Measure A Fund.** The County of San Mateo voters approved a half cent sales tax measure in 1988 which is designated for transportation related facilities and roads. The sales tax revenues received pursuant to Measure A are distributed to cities based on population (50%) and road miles (50%).

**Sierra Point Landscape and Lighting Fund.** To account for special assessment revenues and costs of providing landscaping and lighting services within the boundaries of the Sierra Point Landscape and Lighting District.

**Grants.** To account for activities of various grants including Local Law Enforcement Block Grant, Community Oriented Policing Grant, the COPS Technology Grant, and Supplemental Law Enforcement Services Fund (SLESF) Grant.

**National Pollution Discharge Elimination System Fund (NPDES).** Federal statute mandates a program aimed at the elimination of pollutants from drainage systems. Commonly known as NPDES, a special revenue fund is required by law to account for tax assessments collected and expenditures incurred in administering this program.

**Traffic Congestion Relief Fund.** Assembly Bill 2928 established the Traffic Congestion Relief Fund (TCRF) in the State Treasury for allocating to cities and counties for street or road maintenance or reconstruction (or storm damage repair).

**Fire Training Fund.** This fund was created from the return and refund of one of the Universal Trainers for the Fire Department. This fund will accumulate funds dedicated to Fire Training and equipment.

**Contract Employees.** This fund was created to track the salary and benefits of city employees who have been contracted to other agencies and the reimbursements from the hiring agency.

## NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

### DEBT SERVICE FUNDS

**Community Redevelopment Agency.** The Agency has issued tax allocation bonds in its project areas to finance various improvements. Debt service is accomplished from the receipt of tax increment from within the project areas.

#### **Brisbane Public Financing Authority:**

**2006 Pension Obligation Bonds Fund.** In August 2006, taxable pension obligation bonds were issued to refund a portion of the City's obligation to PERS for the unamortized, unfunded actuarial liability with respect to pension benefits.

**2001 Revenue Bonds, Series B Fund.** This fund accounts for the debt service for the 2001 Revenue Bonds, Series B which were issued to acquire the City's Marina Boulevard and Lagoon Road Local Improvement District 79-1 and to refund certain outstanding revenue bonds issued by the Authority.

**2005 Revenue Bonds, Series A Fund.** This fund accounts for the debt service for the 2005 Revenues Bonds, Series A which were issued to refund the 1995 Certificates of Participation Bonds and to finance certain capital projects for the City. Debt service for a portion of these bonds is met from transfers from the Community Redevelopment Agency Project Area 2 and the Utility Fund where portions of the 1995 COP bonds proceeds were expended to finance capital improvements.

**2005 Revenue Bonds, Series B Fund.** This fund accounts for the debt service for the 2005 Revenues Bonds, Series B which were issued to finance City Hall seismic upgrades and other improvements. This fund accounts for the debt service that will be met by lease payments of the City to the Authority.

**2009 Revenue Lease Bonds, Series A.** This fund accounts for the debt service for the 2009 Revenue Bonds, Series A which were issued in March 2009 to finance the completion of the City Hall upgrades and improvements. The debt service will be met by lease payments from the City to the Authority.

### CAPITAL PROJECTS FUNDS

**Capital Projects Fund.** This fund was established to track all non-major construction and capital projects. Project budgets carryover year to year until completed.

**Tunnel Ave Bridge Project Fund.** This fund provides a tracking mechanism for a multi year bridge replacement project being funded by federal, state, local, and private funds.

**Special Beautification Project Fund.** This fund was established in the mid-1980s as a condition of a lawsuit settlement. The funds are for improvements to City public spaces such as relocating the Community Garden.

**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**

**Facilities Construction Fund.** As a condition of the final map approval for the Northeast Ridge development, the developer was required to improve a number of facilities including municipal buildings, local streets, downtown parking, future trails, fire buffers and construct a community swimming pool. Funds deposited for these projects have been placed in a capital projects fund and as separate projects move ahead with construction, applicable amounts of this fund are moved to a construction fund to further account for the cost of a particular project.



CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012

	SPECIAL REVENUE FUNDS			
	Gas Tax	Prop 1B	Measure A	Sierra Point Landscape & Lighting
<b>ASSETS</b>				
Cash and investments	\$256,532		\$346,833	
Restricted cash and investments with fiscal agents				
Accounts receivable, net	169		231	
Taxes receivable	13,279		15,564	
Advances to other funds				
Total Assets	\$269,980		\$362,628	
<b>LIABILITIES</b>				
Accounts payable				\$4,238
Due to other funds				255,296
Deposits				
Accrued payroll				4,198
Total Liabilities				263,732
<b>FUND BALANCE</b>				
Restricted	\$269,980		\$362,628	
Assigned				
Unassigned				(263,732)
Total Fund Balances	269,980		362,628	(263,732)
Total Liabilities and Fund Balances	\$269,980		\$362,628	

SPECIAL REVENUE FUNDS

Grants	NPDES	Traffic Congestion Relief	Fire Training	Contract Employees
\$127,562			\$3,132	\$15,667
62	\$1,631		2	16,534
<u>\$127,624</u>	<u>\$1,631</u>		<u>\$3,134</u>	<u>\$32,201</u>
\$30	\$4,329			
1,601	51,659			
<u>5,257</u>	<u>3,458</u>			<u>\$6,301</u>
<u>6,888</u>	<u>59,446</u>			<u>6,301</u>
120,736			\$3,134	25,900
	(57,815)			
<u>120,736</u>	<u>(57,815)</u>		<u>3,134</u>	<u>25,900</u>
<u>\$127,624</u>	<u>\$1,631</u>		<u>\$3,134</u>	<u>\$32,201</u>

(Continued)

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012

	DEBT SERVICE FUNDS			
	Community Redevelopment Agency	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
<b>ASSETS</b>				
Cash and investments			\$1,184,197	
Restricted cash and investments with fiscal agents		\$93,539	791,326	
Accounts receivable, net			672	
Taxes receivable				
Advances to other funds				\$397,053
Total Assets		\$93,539	\$1,976,195	\$397,053
<b>LIABILITIES</b>				
Accounts payable				
Due to other funds		\$93,539		
Deposits				
Accrued payroll				
Total Liabilities		93,539		
<b>FUND BALANCE</b>				
Restricted			\$1,976,195	\$397,053
Assigned				
Unassigned				
Total Fund Balances			1,976,195	397,053
Total Liabilities and Fund Balances		\$93,539	\$1,976,195	\$397,053

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS				Total Nonmajor Governmental Funds
2005 Revenue Bonds, Series B	2009 Revenue Lease Bonds, Series A	Capital Projects	Tunnel Avenue Bridge Project Capital Project	Special Beautification Project	Facilities Construction	
	\$999 658,311	\$144,059		\$5,463	\$526,061	\$2,610,505
			\$18,199	3	316	1,543,176
						36,188
						30,474
						397,053
	<u>\$659,310</u>	<u>\$144,059</u>	<u>\$18,199</u>	<u>\$5,466</u>	<u>\$526,377</u>	<u>\$4,617,396</u>
		\$943	\$439		\$2,495	\$12,474
	\$187,329		730,576			1,318,399
		2,401				1,601
						21,615
	<u>187,329</u>	<u>3,344</u>	<u>731,015</u>		<u>2,495</u>	<u>1,354,089</u>
	471,981	140,715	(712,816)	\$5,466	523,882	3,627,607
						670,063
						(1,034,363)
	<u>471,981</u>	<u>140,715</u>	<u>(712,816)</u>	<u>5,466</u>	<u>523,882</u>	<u>3,263,307</u>
	<u>\$659,310</u>	<u>\$144,059</u>	<u>\$18,199</u>	<u>\$5,466</u>	<u>\$526,377</u>	<u>\$4,617,396</u>

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS			
	Gas Tax	Prop 1B	Measure A	Sierra Point Landscape & Lighting
GOVERNMENTAL REVENUES				
Taxes and special assessments			\$150,775	\$535,471
Intergovernmental	\$127,445			
Licenses, permits and fees				
Use of money and property	1,490	\$23	2,084	(2,205)
Other revenues				
Total Revenues	<u>128,935</u>	<u>23</u>	<u>152,859</u>	<u>533,266</u>
EXPENDITURES				
Current:				
General government				
Public safety - police				
Public works		4,356		472,648
Capital outlay	58,115		74,719	
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	<u>58,115</u>	<u>4,356</u>	<u>74,719</u>	<u>472,648</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>70,820</u>	<u>(4,333)</u>	<u>78,140</u>	<u>60,618</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			37	
Transfers out				
Total Other Financing Sources (Uses)			<u>37</u>	
NET CHANGES IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	<u>70,820</u>	<u>(4,333)</u>	<u>78,177</u>	<u>60,618</u>
EXTRAORDINARY ITEM				
Assets transferred to/liabilities assumed by Successor Agency				
NET CHANGES IN FUND BALANCES	70,820	(4,333)	78,177	60,618
BEGINNING FUND BALANCES (DEFICITS)	<u>199,160</u>	<u>4,333</u>	<u>284,451</u>	<u>(324,350)</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$269,980</u></u>	<u><u>4,333</u></u>	<u><u>\$362,628</u></u>	<u><u>(\$263,732)</u></u>

SPECIAL REVENUE FUNDS

Grants	NPDES	Traffic Congestion Relief	Fire Training	Contract Employees
\$135,118	\$51,141			
\$212	(165)	\$8	\$19	\$319,359
<u>135,330</u>	<u>50,976</u>	<u>8</u>	<u>19</u>	<u>319,359</u>
145,146				
179	165,061			310,196
10,930				
<u>156,255</u>	<u>165,061</u>			<u>310,196</u>
(20,925)	(114,085)	8	19	9,163
23,712	140,813			
		(37)		
<u>23,712</u>	<u>140,813</u>	<u>(37)</u>		
2,787	26,728	(29)	19	9,163
<u>2,787</u>	<u>26,728</u>	<u>(29)</u>	<u>19</u>	<u>9,163</u>
117,949	(84,543)	29	3,115	16,737
<u>\$120,736</u>	<u>(\$57,815)</u>	<u>29</u>	<u>\$3,134</u>	<u>\$25,900</u>

(Continued)

CITY OF BRISBANE  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2012

	DEBT SERVICE FUNDS			
	Community Redevelopment Agency	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
<b>GOVERNMENTAL REVENUES</b>				
Taxes and special assessments			\$1,187,019	
Intergovernmental				
Licenses, permits and fees				
Use of money and property	\$6,002		36,305	
Other revenues				
<b>Total Revenues</b>	<b>6,002</b>		<b>1,223,324</b>	
<b>EXPENDITURES</b>				
Current:				
General government				
Public safety - police				
Public works				
Capital outlay				
Debt service:				
Principal	45,000	\$335,000	760,000	\$83,350
Interest and fiscal charges	35,839	206,250	287,527	52,214
<b>Total Expenditures</b>	<b>80,839</b>	<b>541,250</b>	<b>1,047,527</b>	<b>135,564</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(74,837)</b>	<b>(541,250)</b>	<b>175,797</b>	<b>(135,564)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	82,960	541,250		86,185
Transfers out				
<b>Total Other Financing Sources (Uses)</b>	<b>82,960</b>	<b>541,250</b>		<b>86,185</b>
<b>NET CHANGES IN FUND BALANCES BEFORE EXTRAORDINARY ITEM</b>	<b>8,123</b>		<b>175,797</b>	<b>(49,379)</b>
<b>EXTRAORDINARY ITEM</b>				
Assets transferred to/liabilities assumed by Successor Agency	(124,916)			
<b>NET CHANGES IN FUND BALANCES</b>	<b>(116,793)</b>		<b>175,797</b>	<b>(49,379)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>116,793</b>		<b>1,800,398</b>	<b>446,432</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>			<b>\$1,976,195</b>	<b>\$397,053</b>

DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS				Total Nonmajor Governmental Funds
2005 Revenue Bonds, Series B	2009 Revenue Lease Bonds, Series A	Capital Projects	Tunnel Avenue Bridge Project Capital Project	Special Beautification Project	Facilities Construction	
		\$427,742	\$27,110			\$1,924,406
		270,726				717,415
	\$2,551		(4,231)	\$34	\$3,073	270,726
		59,488				45,200
		<u>757,956</u>	<u>22,879</u>	<u>34</u>	<u>3,073</u>	<u>3,336,594</u>
						145,146
		717,496	128	1,089	26,276	952,440
\$150,000	75,000					888,753
254,490	112,325					1,448,350
<u>404,490</u>	<u>187,325</u>	<u>717,496</u>	<u>128</u>	<u>1,089</u>	<u>26,276</u>	<u>948,645</u>
						4,383,334
(404,490)	(184,774)	40,460	22,751	(1,055)	(23,203)	(1,046,740)
						1,279,447
404,490						(37)
<u>404,490</u>						<u>1,279,410</u>
	(184,774)	40,460	22,751	(1,055)	(23,203)	232,670
						(124,916)
	(184,774)	40,460	22,751	(1,055)	(23,203)	107,754
	656,755	100,255	(735,567)	6,521	547,085	3,155,553
<u>\$471,981</u>	<u>\$140,715</u>	<u>(\$712,816)</u>	<u>\$5,466</u>	<u>\$523,882</u>	<u>\$3,263,307</u>	



CITY OF BRISBANE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

SPECIAL REVENUE FUNDS						
	GAS TAX			MEASURE A		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>GOVERNMENTAL REVENUES</b>						
Taxes and special assessments				\$114,000	\$150,775	\$36,775
Intergovernmental	\$72,000	\$127,445	\$55,445			
Licenses, permits and fees						
Use of money and property		1,490	1,490		2,084	2,084
Other revenues						
<b>Total Revenues</b>	<u>72,000</u>	<u>128,935</u>	<u>56,935</u>	<u>114,000</u>	<u>152,859</u>	<u>38,859</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay		58,115	(58,115)		74,719	(74,719)
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>		<u>58,115</u>	<u>(58,115)</u>		<u>74,719</u>	<u>(74,719)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>72,000</u>	<u>70,820</u>	<u>(1,180)</u>	<u>114,000</u>	<u>78,140</u>	<u>(35,860)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in					37	37
Transfers out						
<b>Total Other Financing Sources (Uses)</b>					<u>37</u>	<u>37</u>
<b>NET CHANGES IN FUND BALANCES BEFORE EXTRAORDINARY ITEM</b>	<u>72,000</u>	<u>70,820</u>	<u>(1,180)</u>	<u>114,000</u>	<u>78,177</u>	<u>(35,823)</u>
<b>EXTRAORDINARY ITEM</b>						
Assets transferred to/liabilities assumed by Successor Agency						
<b>NET CHANGES IN FUND BALANCES</b>	<u>72,000</u>	<u>70,820</u>	<u>(\$1,180)</u>	<u>114,000</u>	<u>78,177</u>	<u>(\$35,823)</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>199,160</u>			<u>284,451</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$269,980</u>			<u>\$362,628</u>	

SPECIAL REVENUE FUNDS			SPECIAL REVENUE FUNDS					
SIERRA POINT LANDSCAPING & LIGHTING			GRANTS			NPDES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$537,951	\$535,471	(\$2,480)				\$52,000	\$51,141	(\$859)
			\$100,000	\$135,118	\$35,118			
	(2,205)	(2,205)		212	212		(165)	(165)
<u>537,951</u>	<u>533,266</u>	<u>(4,685)</u>	<u>100,000</u>	<u>135,330</u>	<u>35,330</u>	<u>52,000</u>	<u>50,976</u>	<u>(1,024)</u>
			100,000	145,146	(45,146)			
494,383	472,648	21,735		179	(179)	192,815	165,061	27,754
			14,211	10,930	3,281			
<u>494,383</u>	<u>472,648</u>	<u>21,735</u>	<u>114,211</u>	<u>156,255</u>	<u>(42,044)</u>	<u>192,815</u>	<u>165,061</u>	<u>27,754</u>
<u>43,568</u>	<u>60,618</u>	<u>17,050</u>	<u>(14,211)</u>	<u>(20,925)</u>	<u>(6,714)</u>	<u>(140,815)</u>	<u>(114,085)</u>	<u>26,730</u>
				23,712	23,712	139,688	140,813	1,125
				23,712	23,712	139,688	140,813	1,125
<u>43,568</u>	<u>60,618</u>	<u>17,050</u>	<u>(14,211)</u>	<u>2,787</u>	<u>16,998</u>	<u>(1,127)</u>	<u>26,728</u>	<u>27,855</u>
<u>43,568</u>	60,618	<u>\$17,050</u>	<u>(14,211)</u>	2,787	<u>\$16,998</u>	<u>(1,127)</u>	26,728	<u>\$27,855</u>
	(324,350)			117,949			(84,543)	
	<u>(\$263,732)</u>			<u>\$120,736</u>			<u>(\$57,815)</u>	

(Continued)

CITY OF BRISBANE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	DEBT SERVICE FUNDS					
	COMMUNITY REDEVELOPMENT AGENCY			2006 PENSION OBLIGATION BONDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
GOVERNMENTAL REVENUES						
Taxes and special assessments						
Intergovernmental						
Licenses, permits and fees						
Use of money and property		\$6,002	\$6,002			
Other revenues						
Total Revenues		6,002	6,002			
EXPENDITURES						
Current:						
General government						
Public safety - police						
Public works						
Capital outlay						
Debt service:						
Principal	\$45,000	45,000		\$335,000	\$335,000	
Interest and fiscal charges	75,429	35,839	39,590	208,000	206,250	\$1,750
Total Expenditures	120,429	80,839	39,590	543,000	541,250	1,750
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(120,429)	(74,837)	45,592	(543,000)	(541,250)	1,750
OTHER FINANCING SOURCES (USES)						
Transfers in	120,429	82,960	(37,469)	543,000	541,250	(1,750)
Transfers out						
Total Other Financing Sources (Uses)	120,429	82,960	(37,469)	543,000	541,250	(1,750)
NET CHANGES IN FUND BALANCES BEFORE EXTRAORDINARY ITEM		8,123	8,123			
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by Successor Agency		(124,916)	(124,916)			
NET CHANGE IN FUND BALANCES		(116,793)	(\$116,793)			
BEGINNING FUND BALANCES (DEFICITS)		116,793				
ENDING FUND BALANCES (DEFICITS)						

DEBT SERVICE FUNDS

2001 REVENUE BONDS, SERIES B			2005 REVENUE BONDS, SERIES A			2005 REVENUE BONDS, SERIES B		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,033,021	\$1,187,019	\$153,998						
	36,305	36,305						
<u>1,033,021</u>	<u>1,223,324</u>	<u>190,303</u>						
760,000	760,000		\$250,000	\$83,350	\$166,650	\$150,000	\$150,000	
286,413	287,527	(1,114)	72,473	52,214	\$20,259	254,490	254,490	
<u>1,046,413</u>	<u>1,047,527</u>	<u>(1,114)</u>	<u>322,473</u>	<u>135,564</u>	<u>186,909</u>	<u>404,490</u>	<u>404,490</u>	
<u>(13,392)</u>	<u>175,797</u>	<u>189,189</u>	<u>(322,473)</u>	<u>(135,564)</u>	<u>186,909</u>	<u>(404,490)</u>	<u>(404,490)</u>	
			322,473	86,185	(236,288)	404,490	404,490	
			<u>322,473</u>	<u>86,185</u>	<u>(236,288)</u>	<u>404,490</u>	<u>404,490</u>	
<u>(13,392)</u>	<u>175,797</u>	<u>189,189</u>		<u>(49,379)</u>	<u>(49,379)</u>			
<u>(13,392)</u>	<u>175,797</u>	<u>\$189,189</u>		<u>(49,379)</u>	<u>(\$49,379)</u>			
	<u>1,800,398</u>			<u>446,432</u>				
	<u>\$1,976,195</u>			<u>\$397,053</u>				

(Continued)

CITY OF BRISBANE  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>DEBT SERVICE FUNDS</u>		
	<u>2009 LEASE REVENUE BONDS, SERIES A</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
GOVERNMENTAL REVENUES			
Taxes and special assessments			
Intergovernmental			
Licenses, permits and fees			
Use of money and property		\$2,551	\$2,551
Other revenues			
Total Revenues		<u>2,551</u>	<u>2,551</u>
EXPENDITURES			
Current:			
General government			
Public safety - police			
Public works			
Capital outlay			
Debt service:			
Principal	\$75,000	75,000	
Interest and fiscal charges	<u>112,825</u>	<u>112,325</u>	<u>500</u>
Total Expenditures	<u>187,825</u>	<u>187,325</u>	<u>500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(187,825)</u>	<u>(184,774)</u>	<u>3,051</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	187,825		(187,825)
Transfers out			
Total Other Financing Sources (Uses)	<u>187,825</u>		<u>(187,825)</u>
NET CHANGES IN FUND BALANCES BEFORE EXTRAORDINARY ITEM		<u>(184,774)</u>	<u>(184,774)</u>
EXTRAORDINARY ITEM			
Assets transferred to/liabilities assumed by Successor Agency			
NET CHANGE IN FUND BALANCES		<u>(184,774)</u>	<u>(\$184,774)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>656,755</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$471,981</u>	

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

**Fringe Benefits Fund.** To account for the costs of unexpected benefit costs and other negotiated labor agreement provisions.

**Flexible Benefits Fund.** This fund receives revenue from employee cafeteria plans to pay for medical and child care reimbursements as outlined in the 125 plan. At the end of each plan year the remaining funds become the property of the City.

**Dental Self-Insurance Fund.** The City self-insures its employee dental coverage; revenues are received from charges to operating departments based upon an agreed upon contribution per worker and reimbursements to employees for dental expenses are paid from this fund.

**General Liability Fund.** The City self insures a portion of each liability loss. Revenues are received from charges to operating departments based on payroll.

**Workers' Compensation Fund.** The City self insures for a portion of Workers' Compensation. Revenues are received from charges to operating departments based on payroll.

**OPEB Fund.** This fund was established to track retiree stipends and other post employment benefits.

CITY OF BRISBANE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$123,517	\$98,597	\$103,200	\$826,020	\$240,248
Interest receivable	76	23	57	468	124
	<u>123,593</u>	<u>98,620</u>	<u>103,257</u>	<u>826,488</u>	<u>240,372</u>
Total Assets					
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and accrued liabilities	9,947	176	6,571	2,261	14,648
Accrued payroll		89,209			1,668
Accrued claims payable				8,521	255,360
	<u>9,947</u>	<u>89,385</u>	<u>6,571</u>	<u>10,782</u>	<u>271,676</u>
Total Current Liabilities					
Noncurrent Liabilities:					
Accrued self-insurance				13,583	656,640
	<u>9,947</u>	<u>89,385</u>	<u>6,571</u>	<u>24,365</u>	<u>928,316</u>
Total Liabilities					
<b>NET ASSETS</b>					
Unrestricted	<u>113,646</u>	<u>9,235</u>	<u>96,686</u>	<u>802,123</u>	<u>(687,944)</u>
Total Net Assets (Deficits)	<u><u>\$113,646</u></u>	<u><u>\$9,235</u></u>	<u><u>\$96,686</u></u>	<u><u>\$802,123</u></u>	<u><u>(\$687,944)</u></u>

<u>OPEB Fund</u>	<u>Total</u>
\$4,753	\$1,396,335
<u>6</u>	<u>754</u>
<u>4,759</u>	<u>1,397,089</u>
	33,603
	90,877
	<u>263,881</u>
	<u>388,361</u>
	<u>670,223</u>
	<u>1,058,584</u>
<u>4,759</u>	<u>338,505</u>
<u><u>\$4,759</u></u>	<u><u>\$338,505</u></u>



CITY OF BRISBANE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$81,393		\$162,886	\$456,128	\$407,078
Other revenue	<u>13</u>	<u>\$2,139</u>			
Total Operating Revenues	<u>81,406</u>	<u>2,139</u>	<u>162,886</u>	<u>456,128</u>	<u>407,078</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and services					14,559
General and administrative	113,045	2,652	100,703	188,180	389,324
Other expenses					<u>55,108</u>
Total Operating Expenses	<u>113,045</u>	<u>2,652</u>	<u>100,703</u>	<u>188,180</u>	<u>458,991</u>
Operating Income (Loss)	<u>(31,639)</u>	<u>(513)</u>	<u>62,183</u>	<u>267,948</u>	<u>(51,913)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	<u>773</u>	<u>784</u>	<u>501</u>	<u>3,230</u>	<u>920</u>
Total Nonoperating Revenues (Expenses)	<u>773</u>	<u>784</u>	<u>501</u>	<u>3,230</u>	<u>920</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>					
	<u>(30,866)</u>	<u>271</u>	<u>62,684</u>	<u>271,178</u>	<u>(50,993)</u>
Transfers in					
Transfers out		<u>(1,202,000)</u>	<u>(17,926)</u>		
Transfers		<u>(1,202,000)</u>	<u>(17,926)</u>		
Change in Net Assets	(30,866)	(1,201,729)	44,758	271,178	(50,993)
BEGINNING NET ASSETS	<u>144,512</u>	<u>1,210,964</u>	<u>51,928</u>	<u>530,945</u>	<u>(636,951)</u>
ENDING NET ASSETS (DEFICIT)	<u>\$113,646</u>	<u>\$9,235</u>	<u>\$96,686</u>	<u>\$802,123</u>	<u>(\$687,944)</u>

<u>OPEB Fund</u>	<u>Total</u>
	\$1,107,485
	2,152
	<u>1,109,637</u>
\$76,024	90,583
	793,904
<u>101,603</u>	<u>156,711</u>
<u>177,627</u>	<u>1,041,198</u>
<u>(177,627)</u>	<u>68,439</u>
<u>12</u>	<u>6,220</u>
<u>12</u>	<u>6,220</u>
<u>(177,615)</u>	<u>74,659</u>
182,442	182,442
	(1,219,926)
<u>182,442</u>	<u>(1,037,484)</u>
4,827	(962,825)
<u>(68)</u>	<u>1,301,330</u>
<u>\$4,759</u>	<u>\$338,505</u>

CITY OF BRISBANE  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received to/ from customers	\$81,393		\$162,886	\$461,515	\$407,078
Cash payments to suppliers	(107,986)	\$89,362	(101,380)	(190,623)	(284,850)
Cash received from (payments to) other	13	2,139			(3,583)
Cash Flows from Operating Activities	<u>(26,580)</u>	<u>91,501</u>	<u>61,506</u>	<u>270,892</u>	<u>118,645</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Repayment to other funds					
Transfers in (out), net		(1,202,000)	(17,926)		
Cash Flows from Noncapital Financing Activities		<u>(1,202,000)</u>	<u>(17,926)</u>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	775	1,396	473	3,032	848
Cash Flows from Investing Activities	<u>775</u>	<u>1,396</u>	<u>473</u>	<u>3,032</u>	<u>848</u>
Net Cash Flows	(25,805)	(1,109,103)	44,053	273,924	119,493
Cash and investments at beginning of period	<u>149,322</u>	<u>1,207,700</u>	<u>59,147</u>	<u>552,096</u>	<u>120,755</u>
Cash and investments at end of period	<u><u>\$123,517</u></u>	<u><u>\$98,597</u></u>	<u><u>\$103,200</u></u>	<u><u>\$826,020</u></u>	<u><u>\$240,248</u></u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	(\$31,639)	(\$513)	\$62,183	\$267,948	(\$51,913)
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>					
Accounts receivable				3,221	
Other assets				350,606	
Accounts payable and accrued liabilities	5,059	2,805	(677)	(348,440)	1,141
Accrued payroll		89,209			(3,583)
Accrued claims payable				(2,443)	173,000
Cash Flows from Operating Activities	<u><u>(\$26,580)</u></u>	<u><u>\$91,501</u></u>	<u><u>\$61,506</u></u>	<u><u>\$270,892</u></u>	<u><u>\$118,645</u></u>

<u>OPEB Fund</u>	<u>Total</u>
	\$1,112,872
(\$177,627)	(773,104)
	<u>(1,431)</u>
<u>(177,627)</u>	<u>338,337</u>

(68)	(68)
<u>182,442</u>	<u>(1,037,484)</u>
<u>182,374</u>	<u>(1,037,552)</u>

<u>6</u>	<u>6,530</u>
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<u>6</u>	<u>6,530</u>
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4,753	(692,685)
	<u>2,089,020</u>

<u>\$4,753</u>	<u>\$1,396,335</u>
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(\$177,627)	\$68,439
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	3,221
	350,606
	(340,112)
	85,626
	<u>170,557</u>

<u>(\$177,627)</u>	<u>\$338,337</u>
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<b>FIDUCIARY FUNDS</b>
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**PRIVATE PURPOSE TRUST FUNDS** included the following funds:

**Sister City Sub-Committee Fund**

**NER/Landmark Revolving Fund**

**Professional Organizations Fund**

**Brisbane Recycling Revolving**

**Event Insurance Fund**

**Piano Trust**

**HCP Endowment**

**Successor Agency Fund**

**AGENCY FUNDS** included the following funds:

**SAMCAT**

**Tuntex/Baylands Revolving Fund**

**Tuntex II - Revolving Fund**

**Northeast Ridge-Revolving Fund**

**Opus Fees/Permits Fund**

**Opus Development Trust Fund**

**Hotel Reimbursement Fund**

**Northeast Ridge Assessment District 2001 Bonds Fund**

**Revolving-Summerhill Homes-Quarry Fund**

**Slough Estates**

**Baylands EIR**

**Geneva/Candlestick Revolving**

**Margaret/Paul Fund**

CITY OF BRISBANE  
PRIVATE-PURPOSE TRUSTS FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2012

	Sister City Sub- Committee	NER/ Landmark Revolving	Professional Organization	Brisbane Recycling Organizations	Event Insurance
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$831	\$53,487		\$6,377	\$982
Restricted cash and investments with fiscal agents					
Accounts receivable, net	1	65,368		4	
Capital Assets					
Non- depreciable					
Depreciable					
Total Assets	<u>832</u>	<u>118,855</u>		<u>6,381</u>	<u>982</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and accrued liabilities		62,406	\$1,220		604
Deposits		97,848	(930)	13,470	378
Interest payable					
Loans payable					
Long Term Debt					
Due within one year					
Due in more than one year					
Total Liabilities		<u>160,254</u>	<u>290</u>	<u>13,470</u>	<u>982</u>
<b>NET ASSETS</b>					
Held in trust for private-purpose	<u>832</u>	<u>(41,399)</u>	<u>(290)</u>	<u>(7,089)</u>	
Total Net Assets (Deficits)	<u>\$832</u>	<u>(\$41,399)</u>	<u>(\$290)</u>	<u>(\$7,089)</u>	

<u>Piano</u>	<u>HCP Endowment</u>	<u>Successor Agency</u>	<u>Total Private-Purpose Trusts</u>
\$201	\$780,287	\$3,826,586	\$4,668,751
	469	119,588	119,588
		65,842	65,842
		2,441,997	2,441,997
		71,427	71,427
<u>201</u>	<u>780,756</u>	<u>6,459,598</u>	<u>7,367,605</u>
		8,957	73,187
	772,727		883,493
		289,594	289,594
		8,905,910	8,905,910
		614,983	614,983
		14,536,571	14,536,571
	<u>772,727</u>	<u>24,356,015</u>	<u>25,303,738</u>
<u>201</u>	<u>8,029</u>	<u>(17,896,417)</u>	<u>(17,936,133)</u>
<u>\$201</u>	<u>\$8,029</u>	<u>(\$17,896,417)</u>	<u>(\$17,936,133)</u>



CITY OF BRISBANE  
PRIVATE-PURPOSE TRUSTS FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012

	Sister City Sub- Committee	NER/ Landmark Revolving	Professional Organization	Brisbane Recycling Organizations	Event Insurance
<b>ADDITIONS</b>					
Charges for Services		\$150,180			
Investment income	\$6			\$37	
Other revenues					
Total additions	<u>6</u>	<u>150,180</u>		<u>37</u>	
<b>DEDUCTIONS</b>					
General government		18,267			
Public works		179,686	\$290		
Depreciation expense					
Interest and fiscal charges					
Total deductions		<u>197,953</u>	<u>290</u>		
<b>NET CHANGES IN NET ASSETS BEFORE EXTRAORDINARY ITEM</b>					
	<u>6</u>	<u>(47,773)</u>	<u>(290)</u>	<u>37</u>	
<b>EXTRAORDINARY ITEM</b>					
Assets transferred/ liabilities assumed by Successor Agency					
<b>CHANGES IN NET ASSETS</b>	6	(47,773)	(290)	37	
<b>BEGINNING NET ASSETS</b>	<u>826</u>	<u>6,374</u>		<u>(7,126)</u>	
<b>ENDING NET ASSETS (DEFICIT)</b>	<u><u>\$832</u></u>	<u><u>(\$41,399)</u></u>	<u><u>(\$290)</u></u>	<u><u>(\$7,089)</u></u>	

<u>Piano</u>	<u>HCP Endowment</u>	<u>Successor Agency</u>	<u>Total Private-Purpose Trusts</u>
		(\$723,856)	(\$573,676)
\$1	\$5,510	3,748	9,302
		42,417	42,417
<u>1</u>	<u>5,510</u>	<u>(677,691)</u>	<u>(521,957)</u>
			18,267
		18,353	198,329
		513	513
		1,136,312	1,136,312
		1,155,178	1,353,421
<u>1</u>	<u>5,510</u>	<u>(1,832,869)</u>	<u>(1,875,378)</u>
		(16,063,548)	(16,063,548)
1	5,510	(17,896,417)	(17,938,926)
<u>200</u>	<u>2,519</u>		<u>2,793</u>
<u>\$201</u>	<u>\$8,029</u>	<u>(\$17,896,417)</u>	<u>(\$17,936,133)</u>

CITY OF BRISBANE  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>SAMCAT</u>				
<u>Assets</u>				
Cash and investments	\$62,894		\$18,129	\$44,765
	<u>\$62,894</u>		<u>\$18,129</u>	<u>\$44,765</u>
<u>Liabilities</u>				
Accounts payable	\$7,525		\$7,525	
Deposits	55,369		10,604	\$44,765
Total Liabilities	<u>\$62,894</u>		<u>\$18,129</u>	<u>\$44,765</u>
<u>Tuntex-Baylands Revolving</u>				
<u>Assets</u>				
Cash and investments	\$102,312	\$198,404	\$32,656	\$268,060
Accounts receivable		329,486	231,498	97,988
Total Assets	<u>\$102,312</u>	<u>\$527,890</u>	<u>\$264,154</u>	<u>\$366,048</u>
<u>Liabilities</u>				
Accounts payable	\$6,091	\$131,082	\$65,749	\$71,424
Deposits	96,221	198,403		294,624
Total Liabilities	<u>\$102,312</u>	<u>\$329,485</u>	<u>\$65,749</u>	<u>\$366,048</u>
<u>Tuntex II-Revolving</u>				
<u>Assets</u>				
Cash and investments	\$202,679	\$1,174	\$16	\$203,837
Interest receivable	107	16		123
Total Assets	<u>\$202,786</u>	<u>\$1,190</u>	<u>\$16</u>	<u>203,960</u>
<u>Liabilities</u>				
Deposits	\$202,786	\$1,174		\$203,960
Total Liabilities	<u>\$202,786</u>	<u>\$1,174</u>		<u>\$203,960</u>
<u>Northeast Ridge-Revolving</u>				
<u>Assets</u>				
Cash and investments				
Accounts receivable	\$689			\$689
Total Assets	<u>\$689</u>			<u>689</u>
<u>Liabilities</u>				
Accounts payable				
Deposits	\$689			\$689
Total Liabilities	<u>\$689</u>			<u>\$689</u>

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Opus Fees/Permits</u>				
<u>Assets</u>				
Cash and investments	\$5,972	\$34		\$6,006
Interest receivable	3	3		6
Total Assets	<u>\$5,975</u>	<u>\$37</u>		<u>\$6,012</u>
<u>Liabilities</u>				
Deposits	\$5,975	\$37		\$6,012
Total Liabilities	<u>\$5,975</u>	<u>\$37</u>		<u>\$6,012</u>
<u>Opus Development Trust</u>				
<u>Assets</u>				
Cash and investments	\$39,509			\$39,509
Total Assets	<u>\$39,509</u>		-	<u>\$39,509</u>
<u>Liabilities</u>				
Deposits	\$39,509			\$39,509
Total Liabilities	<u>\$39,509</u>			<u>\$39,509</u>
<u>Hotel Reimbursement</u>				
<u>Assets</u>				
Cash and investments	\$1,944	\$11		\$1,955
Interest receivable	1			1
Total Assets	<u>\$1,945</u>	<u>\$11</u>	-	<u>\$1,956</u>
<u>Liabilities</u>				
Deposits	\$1,945	\$11		\$1,956
Total Liabilities	<u>\$1,945</u>	<u>\$11</u>		<u>\$1,956</u>

(Continued)

CITY OF BRISBANE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Northeast Ridge Assessment District 2001 Bonds	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Assets</u>				
Cash and investments	\$631,405	\$637,057	\$622,264	\$646,198
Cash and investment with fiscal agents	349,391	5,164		354,555
Interest receivable	1,834		1,464	370
Taxes receivable	6,211	4,487		10,698
Total Assets	<u>\$988,841</u>	<u>\$646,708</u>	<u>\$623,728</u>	<u>\$1,011,821</u>
<u>Liabilities</u>				
Accounts payable	\$815		\$815	
Due to bondholders	988,026	\$23,795		\$1,011,821
Total Liabilities	<u>\$988,841</u>	<u>\$23,795</u>	<u>\$815</u>	<u>\$1,011,821</u>

Revolving-Summerhill Homes-Quarry	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Assets</u>				
Other receivables		\$158,855		\$158,855
Total Assets		<u>\$158,855</u>		<u>\$158,855</u>
<u>Liabilities</u>				
Accounts payable		\$148,012		\$148,012
Deposits		10,843		10,843
Total Liabilities		<u>\$158,855</u>		<u>\$158,855</u>

Slough Estates	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Assets</u>				
Cash and investments	\$65,387		\$59,325	\$6,062
Total Assets	<u>\$65,387</u>		<u>\$59,325</u>	<u>\$6,062</u>
<u>Liabilities</u>				
Deposits	\$65,387		\$59,325	\$6,062
Total Liabilities	<u>\$65,387</u>		<u>\$59,325</u>	<u>\$6,062</u>

Baylands EIR	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Assets</u>				
Cash and investments		\$100,901	\$100,901	
Accounts receivable		296,389		296,389
Total Assets		<u>\$397,290</u>	<u>\$100,901</u>	<u>\$296,389</u>
<u>Liabilities</u>				
Accounts payable	\$235,453	\$573,601		\$809,054
Deposits	(235,453)		\$277,212	(512,665)
Total Liabilities		<u>\$573,601</u>	<u>\$277,212</u>	<u>\$296,389</u>

<u>Geneva/Candlestick Revolving</u>	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Assets</u>				
Cash and investments	\$4,136			\$4,136
Total Assets	<u>\$4,136</u>			<u>\$4,136</u>
<u>Liabilities</u>				
Accounts payable				
Deposits	\$4,136			\$4,136
Total Liabilities	<u>\$4,136</u>			<u>\$4,136</u>
<u>Margaret/Paul</u>				
<u>Assets</u>				
Cash and investments	\$15,015	\$85		\$15,100
Total Assets	<u>\$15,015</u>	<u>\$85</u>	-	<u>\$15,100</u>
<u>Liabilities</u>				
Deposits	\$15,015	\$85		\$15,100
Total Liabilities	<u>\$15,015</u>	<u>\$85</u>		<u>\$15,100</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$1,131,253	\$937,666	\$833,291	\$1,235,628
Cash and investment with fiscal agents	349,391	5,164		354,555
Accounts receivable	689	625,875	231,498	395,066
Interest receivable	1,945	19	1,464	500
Taxes receivable	6,211	4,487		10,698
Other receivable		158,855		158,855
Total Assets	<u>\$1,489,489</u>	<u>\$1,732,066</u>	<u>\$1,066,253</u>	<u>\$2,155,302</u>
<u>Liabilities</u>				
Accounts payable	\$249,884	\$852,695	\$74,089	\$1,028,490
Deposits	251,579	210,553	347,141	114,991
Due to bondholders	988,026	23,795		1,011,821
Total Liabilities	<u>\$1,489,489</u>	<u>\$1,087,043</u>	<u>\$421,230</u>	<u>\$2,155,302</u>

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## STATISTICAL INFORMATION

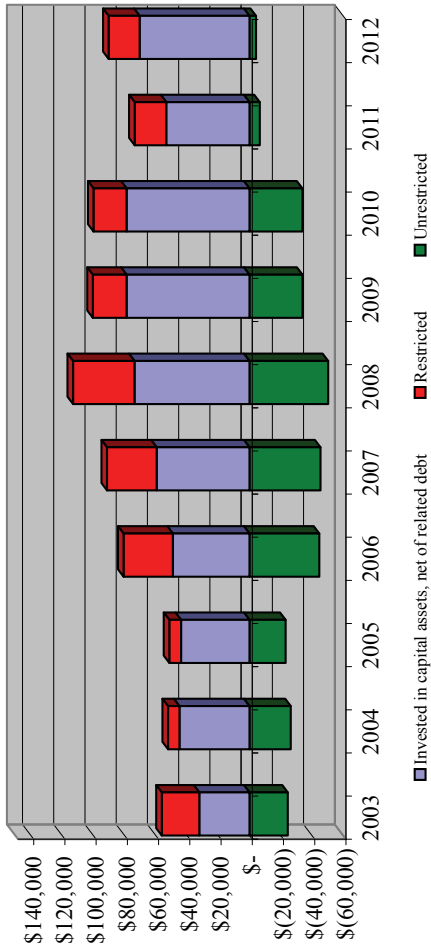
This part of the City of Brisbane's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	125-131
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	133-138
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	139-144
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	145-147
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	148-153
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	



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**CITY OF BRISBANE**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(Dollars in thousands)**



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$19,232	\$20,459	\$21,083	\$24,940	\$34,025	\$39,936	\$45,825	\$46,213	\$20,781	\$38,064
Restricted	21,657	5,492	5,744	26,024	25,924	33,872	19,027	18,943	19,399	19,006
Unrestricted	(42,214)	(27,401)	(25,008)	(41,950)	(40,576)	(45,940)	(32,518)	(32,380)	(6,786)	(5,156)
Total governmental activities net assets	\$(1,325)	\$(1,450)	\$1,819	\$9,014	\$19,373	\$27,868	\$32,334	\$32,776	\$33,394	\$51,914
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$12,917	\$24,391	\$22,750	\$24,134	\$25,404	\$33,696	\$32,894	\$32,500	\$32,503	\$32,305
Restricted	2,370	1,841	1,763	5,554	5,896	5,476	2,601	2,252	848	847
Unrestricted	17,659	946	1,869	(2,782)	(4,925)	(4,478)	(1,455)	(1,542)	201	964
Total business-type activities net assets	\$32,946	\$27,178	\$26,382	\$26,906	\$26,375	\$34,694	\$34,040	\$33,210	\$33,552	\$34,116
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$32,149	\$44,851	\$43,833	\$49,073	\$59,429	\$73,632	\$78,720	\$78,713	\$53,284	\$70,369
Restricted	24,027	7,333	7,507	31,579	31,819	39,348	21,628	21,194	20,247	19,853
Unrestricted	(24,555)	(26,455)	(23,139)	(44,731)	(45,500)	(50,419)	(33,973)	(33,922)	(6,585)	(4,192)
Total primary government net assets	\$31,621	\$25,729	\$28,201	\$35,921	\$45,748	\$62,561	\$66,375	\$65,985	\$66,946	\$86,030

**CITY OF BRISBANE**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Dollars in thousands)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental Activities:										
General Government	\$3,086	\$3,748	\$2,741	\$4,501	\$3,767	\$4,396	\$4,768	\$4,636	\$4,279	\$5,123
Public Safety - police	2,410	3,041	3,235	3,328	3,411	3,412	3,626	3,506	3,185	2,931
Public Safety - fire	1,889	1,962	2,183	2,173	2,189	2,368	2,452	2,532	2,560	2,756
Public Works	2,023	2,260	3,237	3,163	3,033	3,287	3,298	4,928	3,160	1,901
Interest on Long-Term Debt (Unallocated)	2,288	2,277	2,357	2,861	2,490	2,689	2,513	2,519	2,431	2,879
Depreciation expense (Unallocated)	545	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	12,241	13,288	13,753	16,026	14,890	16,152	16,657	18,121	15,615	15,590
Business-Type Activities:										
Utility	3,351	4,187	3,576	3,373	3,451	3,884	3,949	4,023	4,053	3,824
Parks and Recreation	2,953	2,807	2,651	2,879	3,040	3,274	3,638	3,406	3,426	3,342
Total Business-Type Activities Expenses	6,304	6,994	6,227	6,252	6,491	7,158	7,587	7,429	7,479	7,166
Total Primary Government Expenses	\$18,545	20,282	\$19,980	\$22,278	\$21,381	\$23,310	\$24,244	\$25,550	\$23,094	\$22,756
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	1,637	1,211	1,295	2,473	2,627	2,338	2,849	1,189	2,343	2,122
Public Safety - police	115	164	189	259	248	231	214	396	127	107
Public Safety - fire	160	218	241	604	148	179	147	204	137	113
Public Works	1,579	1,370	1,423	2,449	2,697	2,483	2,630	3,820	2,478	2,928
Operating Grants and Contributions	822	861	1,981	220	184	313	309	219	598	132
Capital Grants and Contributions	403	284	644	4,413	7,199	2,808	2,561	-	39	490
Total Government Activities Program Revenues	4,716	4,108	5,773	10,418	13,103	8,352	8,710	5,828	5,722	5,892
Business-Type Activities:										
Charges for Services:										
Utility	2,647	2,552	2,846	3,764	3,460	4,362	4,053	3,911	3,978	4,247
Parks and Recreation	1,792	1,700	1,809	1,954	2,055	1,917	2,069	1,966	1,995	2,155
Capital Grants and Contributions	-	-	434	-	13	-	-	-	-	102
Total Business-Type Activities Program Revenue	4,439	4,252	5,089	5,718	5,528	6,279	6,122	5,877	5,973	6,504
Total Primary Government Program Revenues	\$9,155	\$8,360	\$10,862	\$16,136	\$18,631	\$14,631	\$14,832	\$11,705	\$11,695	\$12,396
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(7,525)	(9,180)	(7,980)	(5,608)	(1,787)	(7,800)	(7,947)	(12,293)	(9,893)	(9,698)
Business-Type Activities	(1,865)	(2,742)	(1,138)	(534)	(963)	(879)	(1,465)	(1,552)	(1,506)	(662)
Total Primary Government Net Expense	(\$9,390)	(\$11,922)	(\$9,118)	(\$6,142)	(\$2,750)	(\$8,679)	(\$9,412)	(\$13,845)	(\$11,399)	(\$10,360)

(continued)

**CITY OF BRISBANE**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Dollars in thousands)**  
**(continued)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$4,934	\$5,457	\$6,686	\$4,847	\$6,311	\$6,592	\$7,054	\$7,387	\$6,336	\$4,950
Sales Taxes	2,397	2,764	3,528	4,411	3,988	8,810	4,699	4,600	2,842	4,495
Motor Vehicle In-Lieu	228	167	86	27	23	17	13	9	13	2
Transient Occupancy Tax	491	713	734	1,106	1,196	1,318	1,156	1,357	1,306	1,560
Other Taxes	-	-	-	-	-	-	-	-	458	494
Developer Contributions	-	-	-	-	-	-	-	-	170	-
Interest Earnings	694	286	695	791	1,250	883	426	242	98	1,587
Miscellaneous	-	-	-	25	41	42	64	81	8	75
Gain (Loss) on Sale of Assets	158	-	-	(70)	-	-	-	-	-	-
Transfers, net	(811)	(332)	(479)	(745)	(663)	(789)	(999)	(915)	(745)	(1,008)
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Total Government Activities	8,091	9,055	11,250	10,392	12,146	16,873	12,413	12,761	10,486	16,063
Business-Type Activities:										
Other Taxes	29	32	15	23	38	30	31	28	29	30
Interest Earnings	154	(186)	(150)	(103)	(270)	(271)	(219)	(138)	94	3
Miscellaneous	-	-	-	-	-	1	-	-	-	-
Gain (Loss) on Sale of Assets	(4)	-	-	-	-	-	-	-	-	-
Developer Contribution	-	-	-	70	-	-	-	-	862	-
Intergovernmental	-	-	-	-	-	-	-	-	33	185
Transfers and Other	811	332	479	745	663	789	999	915	745	1,008
Total Business-Type Activities	990	178	344	735	431	549	811	805	1,763	1,226
Total Primary Government	\$9,081	\$9,233	\$11,594	\$11,127	\$12,577	\$17,422	\$13,224	\$13,566	\$12,249	\$29,444
<b>Change in Net Assets</b>										
Governmental Activities	566	(125)	3,270	4,784	10,359	9,073	4,466	468	593	18,520
Business-Type Activities	(875)	(2,564)	(794)	201	(532)	(330)	(654)	(747)	257	564
Total Primary Government	(\$309)	(\$2,689)	\$2,476	\$4,985	\$9,827	\$8,743	\$3,812	(\$279)	\$850	\$19,084

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**CITY OF BRISBANE**  
**Fund Balances of Governmental Funds**  
**Last Nine Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(In thousands)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>									
Reserved	\$2,047	\$1,678	\$2,740	\$2,860	\$6,480	\$4,089	\$3,157		
Unreserved	5,234	6,068	5,974	4,635	559	2,151	3,941		
Nonspendable	-	-	-	-	-	-	-	\$2,636	\$2,630
Assigned	-	-	-	-	-	-	-	436	141
Unassigned	-	-	-	-	-	-	-	4,526	6,756
<b>Total General Fund</b>	<b>\$7,281</b>	<b>\$7,746</b>	<b>\$8,714</b>	<b>\$7,495</b>	<b>\$7,039</b>	<b>\$6,240</b>	<b>\$7,098</b>	<b>\$7,598</b>	<b>\$9,527</b>
<b>All other governmental funds</b>									
Reserved	\$25,412	\$25,782	\$31,058	\$29,889	\$34,032	\$27,985	\$28,469		
Unreserved, reported in:									
Special revenue funds	(50)	(331)	(342)	(416)	(449)	(320)	(28)		
Debt service funds	752	(446)	1,102	1,355	1,117	1,745	1,063		
Redevelopment Agency	(19,996)	(18,700)	(19,056)	(18,100)	(16,375)	(14,642)	(14,102)		
Capital Projects funds	(591)	322	784	(1,833)	(10,414)	(6,797)	(6,831)		
Restricted	-	-	-	-	-	-	-	\$31,985	\$23,827
Assigned	-	-	-	-	-	-	-	199	670
Unassigned	-	-	-	-	-	-	-	(9,952)	(1,034)
<b>Total all other governmental funds</b>	<b>\$5,527</b>	<b>\$6,626</b>	<b>\$13,546</b>	<b>\$10,894</b>	<b>\$7,911</b>	<b>\$7,971</b>	<b>\$8,570</b>	<b>\$22,232</b>	<b>\$23,463</b>

The City of Brisbane has elected to show only nine years of data for this schedule.

Source: CAFR 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012

**CITY OF BRISBANE**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
(In thousands)

	<b>Fiscal Year Ended June 30,</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Revenues</b>					
Taxes and special assessments	\$8,769	\$9,438	\$11,513	\$11,880	\$13,072
Intergovernmental	1,099	1,027	778	654	6,639
Licenses, permits, and fees	683	588	846	812	1,160
Charges for services	263	284	506	315	330
Fines and forfeitures	92	139	148	116	113
Use of money and property	640	297	599	816	1,265
Other revenues	1,859	1,721	3,101	6,485	2,832
<b>Total Revenues</b>	<b>13,405</b>	<b>13,494</b>	<b>17,491</b>	<b>21,078</b>	<b>25,411</b>
<b>Expenditures</b>					
Current:					
General government	3,074	3,264	2,655	4,080	3,873
Public safety-police	2,553	2,722	3,076	3,269	3,330
Public safety-fire	1,896	1,849	2,191	2,224	2,219
Public works	1,936	1,605	1,693	2,689	2,931
Library	26	19	21	20	22
Capital outlay	1,859	1,905	2,730	5,031	9,058
Debt service:					
Principal repayment	940	1,035	4,555	1,440	1,740
Interest and fiscal charges	2,300	2,290	2,392	2,349	2,515
Bond issuance cost	-	-	-	73	95
<b>Total Expenditures</b>	<b>14,584</b>	<b>14,689</b>	<b>19,313</b>	<b>21,175</b>	<b>25,783</b>
Excess (deficiency) of revenues over (under) expenditures	(1,179)	(1,195)	(1,822)	(97)	(372)
<b>Other Financing Sources (Uses)</b>					
Capital contributions	-	-	-	(70)	182
Proceeds from sale of property/assets	204	4	-	-	-
Proceeds from long-term debt	-	-	3,265	5,970	4,745
Discount paid on issuance of debt	-	-	-	(48)	(52)
General Fund advance	-	-	-	-	(4,589)
Deferred rent	-	-	-	-	-
Transfer in	3,545	3,229	9,204	3,563	3,354
Transfer out	(4,347)	(3,185)	(9,083)	(3,867)	(5,023)
Extraordinary item	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(598)</b>	<b>48</b>	<b>3,386</b>	<b>5,548</b>	<b>(1,383)</b>
<b>Net change in fund balances</b>	<b>(\$1,777)</b>	<b>(\$1,147)</b>	<b>\$1,564</b>	<b>\$5,451</b>	<b>(\$1,755)</b>
Debt service as a percentage of noncapital expenditures	25.5%	26.0%	41.9%	23.9%	26.0%

**Fiscal Year Ended June 30,**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$13,836	\$14,143	\$15,941	\$12,546	\$12,659
2,620	1,837	989	43	26
742	817	1,285	708	1,201
277	227	335	185	398
114	91	89	627	797
863	381	284	231	1,741
2,744	3,771	2,739	2,534	2,469
<u>21,196</u>	<u>21,267</u>	<u>21,662</u>	<u>16,874</u>	<u>19,291</u>
4,224	3,866	3,561	3,335	3,492
3,338	3,264	3,165	2,839	2,699
2,365	2,424	2,409	2,379	2,485
2,905	3,000	4,553	2,421	1,290
25	29	24	670	979
6,853	6,136	992	1,195	2,883
1,715	1,810	2,055	2,670	2,324
2,616	2,520	2,543	2,436	2,913
-	87	-	-	-
<u>24,041</u>	<u>23,136</u>	<u>19,302</u>	<u>17,945</u>	<u>19,065</u>
<u>(2,845)</u>	<u>(1,869)</u>	<u>2,360</u>	<u>(1,071)</u>	<u>226</u>
-	-	-	-	-
-	-	-	-	-
-	2,255	-	-	-
-	(63)	-	-	-
-	-	-	-	-
-	-	-	-	-
3,882	10,043	3,317	3,591	3,110
(4,476)	(11,104)	(4,221)	(4,542)	(3,081)
<u>2,904</u>	<u>2,904</u>	<u>2,904</u>	<u>2,904</u>	<u>2,904</u>
<u>(594)</u>	<u>1,131</u>	<u>(904)</u>	<u>(951)</u>	<u>2,933</u>
<u>(\$3,439)</u>	<u>(\$738)</u>	<u>\$1,456</u>	<u>(\$2,022)</u>	<u>\$3,159</u>
25.2%	26.0%	25.1%	30.5%	32.4%



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**City of Brisbane**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Fiscal Year	Property Tax <sup>1</sup>	Sales Tax	Gas Tax	Franchise Tax	Transfer Tax	TOT Tax	Business License Tax	Total
2003	\$4,888	\$2,486	\$84	\$146	\$45	\$345	\$294	\$8,289
2004	4,879	2,853	75	144	76	569	326	8,922
2005	5,828	3,619	75	183	98	550	360	10,713
2006	4,678	4,533	75	192	170	914	386	10,949
2007	6,249	4,121	75	197	61	999	387	12,090
2008	6,529	8,957 <sup>2</sup>	74	221	45	1,097	367	17,292
2009	7,019	4,813	69	214	18	942	450	13,524
2010	7,371	5,833	71	202	23	969	465	14,934
2011	6,450	2,978	109	213	32	1,306	734	11,821
2012	4,898	4,487	127	216	35	1,560	607	11,930

<sup>1</sup> Property Tax Includes Prior Taxes, Supplemental Taxes, Property Tax/VLF swap and ERAF

<sup>1</sup> Gas tax shown in CAFR as intergovernment, and Business License Tax as Licenses and Permits.

Sales tax includes Measure A sales tax, Public Safety Sales Tax, General Sales Taxes and Sales Tax/Property Tax Swap

<sup>2</sup> One time Sales Tax correction

Source: City of Brisbane

**City of Brisbane**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2003	\$1,121,319	\$113,446	\$8,169	\$1,226,595
2004	1,039,662	243,120	7,918	1,274,864
2005	1,091,456	235,148	10,320	1,316,284
2006	1,167,557	222,177	10,470	1,379,265
2007	1,323,842	227,161	10,492	1,540,511
2008	1,364,983	233,517	10,447	1,588,053
2009	1,453,275	239,986	13,192	1,680,069
2010	1,439,649	264,206	12,483	1,691,371
2011	1,386,276	268,750	12,556	1,642,470
2012	1,365,754	220,114	10,864	1,575,005

Note: The General Property Tax Rate is established at \$1.00 per \$100.00 of assessed value per Article XIII of the California Constitution. The allocation of the property taxes to various taxing agencies including cities, counties, school districts and other special districts is based on the formula determined by the California State Legislature.

California property tax assessments are "acquisition" based, rather than cyclical based. In California, the property tax system is acquisition based, meaning that all real property is assessed upon acquisition or when newly constructed, and assessed at a ratio of 100% of fair market value as of the event date. After the acquisition or new construction basis is determined, year to year increases in assessed value are limited to no more than 2%. In the event of an economic downturn, real property is assessed at the lower of its acquisition basis, increased by the maximum of 2% per year or the fair market value as of January 1, which is lower.

Source: County Assessment Rolls

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Redevelopment Agency

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Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
n/a	n/a	n/a	\$416,145	1
\$370,107	\$45,905	\$32	415,980	1.0252
369,912	53,513	130	423,294	1.0524
336,318	67,098	129	403,287	1.0485
389,391	83,421	138	472,674	1.0612
377,630	81,589	119	459,100	1.0756
418,379	81,359	136	499,602	1.0719
431,382	110,057	65	541,374	1.0783
397,968	111,647	147	509,468	1.0870
378,850	63,986	79	442,756	1.0893

**City of Brisbane  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Fiscal Year	San Mateo County as Distributor	School District			Total Direct & Overlapping Rates
		Brisbane Elementary School District	Jefferson Union High School District	San Mateo Junior College	
2003	1.0000	n/a	n/a	n/a	
2004	1.0000	n/a	0.0187	0.0065	1.0252
2005	1.0000	0.0289	0.0170	0.0065	1.0524
2006	1.0000	0.0267	0.0153	0.0065	1.0485
2007	1.0000	0.0254	0.0174	0.0184	1.0612
2008	1.0000	0.0224	0.0361	0.0171	1.0756
2009	1.0000	0.0221	0.0333	0.0165	1.0719
2010	1.0000	0.0241	0.0360	0.0182	1.0783
2011	1.0000	0.0261	0.0416	0.0193	1.0870
2012	1.0000	0.0272	0.0422	0.0199	1.0893

**Notes:**

Under constitutional Amendment (Proposition 13) passed by voters in the State of California in June 1978, the tax rate (excluding bonded debt) is frozen at 1% of the full market value of the property. This tax is collected by the County Tax Collector and distributed on a formula determined by the State Legislature. Local agencies levy only the tax rate for general obligation bonds, or in excess of 1% if two-thirds of the voters in the area authorize such a rate increase. All tax levies include Homeowner's Property Tax Relief and Business Inventory Property Tax Relief.

Source: CA Municipal Statistics

**City of Brisbane**  
**Principal Property Taxpayers**  
**Current Year and Eight Years Ago**  
(amounts expressed in thousands)

Taxpayer	2012			2005		
	Taxable Assessed	Rank	% of Total Taxable Assessed Value <sup>1</sup>	Taxable Assessed	Rank	% of Total Taxable Assessed Value <sup>2</sup>
	Value			Value		
Oyster Point Properties Inc.	\$100,384	1	7.31%	\$90,574	1	8.35%
DCT Valley Dr CA LLP	67,773	2	4.94%			
IAC San Francisco LLC	55,934	3	4.08%			
Slough Brisbane LLC	40,805	4	2.97%			
2000 Sierra Point Parkway LLC	39,000	5	2.84%	31,000	5	2.86%
SRI Seven Marina LLC	33,920	6	2.47%			
Diamond Marina LLC	29,500	7	2.15%			
BMR Bayshore Blvd LLC	23,407	8	1.71%			
Fund VIII 1000 Marina LLC	23,400	9	1.70%			
William D. and C.A. Spencer Trust	20,306	10	1.48%	18,298	11	1.69%
Brisbane Lodging LP	18,704	11	1.36%	23,820	9	2.20%
Tuntex Properties Inc	17,925	12	1.31%			
CPI Sage Hotels Brisbane Owner LLC	15,300	13	1.11%			
IAC 325 Valley LLC	13,973	14	1.02%	31,090	4	2.87%
Barulich Properties LLC	12,618	15	0.92%	11,226	14	1.03%
Rolling Frito-Lay Sales	11,443	16	0.83%			
SFPP	10,953	17	0.80%	9,870	16	0.91%
150 Spear Street Associates	10,690	18	0.78%	9,633	17	0.89%
DLC Brisbane	8,400	19	0.61%			
Sierra Hotel Management Corp	8,342	20	0.61%			
Cabot Industrial Venture A & B LLC				56,773	2	5.23%
Sierra Point Investors LLC				37,662	3	3.47%
GAL-Brisbane LP				27,527	6	2.54%
Sierra Point LLC				27,093	7	2.50%
Brisbane Hotel Partners LLC				26,159	8	2.41%
Foster 5000 Marina LLC				12,469	11	1.15%
SPK-Sierra Point LLC				18,300	10	1.69%
Tuntex <sup>3</sup>				12,033	13	1.11%
Foster 7000 Marina LLC				10,876	15	1.00%
Northhill Associates LLC				8,225	18	0.76%
AVJOG Investments LLC				7,742	19	0.71%
Brisbane Properties LLC				7,712	20	0.71%
<b>Total</b>	<b>\$562,777</b>		<b>41.01%</b>	<b>\$478,083</b>		<b>44.06%</b>

Source: Calmuni Statistics

Source: 2001 - Urban Futures Inc

<sup>(1)</sup> 2011-2012 Local Secured Assessed Valuation: 1,372,504

<sup>(2)</sup> Based on Fiscal Year 2004-05 total gross assessed valuation: 1,085,124

<sup>(3)</sup> Tuntex sold properties to Oyster Point and Sierra Hotel Management

**City of Brisbane**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy <sup>1</sup>		Collections in Subsequent Years <sup>1</sup>	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2003	\$5,247	\$5,247	100%	n/a	\$5,247	100%
2004	5,044	5,044	100%	n/a	5,044	100%
2005	4,920	4,920	100%	n/a	4,920	100%
2006	5,253	5,253	100%	n/a	5,253	100%
2007	6,382	6,382	100%	n/a	6,382	100%
2008	6,671	6,671	100%	n/a	6,671	100%
2009	7,188	7,188	100%	n/a	7,188	100%
2010	7,751	7,751	100%	n/a	7,751	100%
2011	6,896	6,896	100%	n/a	6,896	100%
2012	2,545	2,545	100%	n/a	2,545	100%

<sup>1</sup> Teeter Plan

Source: City of Brisbane

Current year decrease due to the dissolution of the redevelopment areas. Tax Increment from the project areas was returned to the underlying taxing entities

**City of Brisbane**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Other Long-Term Debt	Utility Revenue Bonds	Capital Leases			
2003	\$35,570	\$605	\$3,780	-	\$4,450	-	\$44,405	n/a	\$12,199
2004	34,880	420	3,620	-	4,450	-	43,370	n/a	11,817
2005	37,410	220	-	-	4,365	\$227	42,222	n/a	11,381
2006	42,160	-	-	-	4,270	204	46,634	n/a	12,426
2007	40,700	-	-	\$4,465	4,175	181	49,521	n/a	13,118
2008	39,115	-	-	4,335	4,080	158	47,688	n/a	12,351
2009	39,715	-	-	4,180	3,980	136	48,011	n/a	12,195
2010	37,910	-	-	3,930	3,880	113	45,833	n/a	11,478
2011	35,855	14,425	-	3,630	3,775	90	57,775	n/a	13,493
2012	31,368	-	(a)	3,474	3,660	68	38,570	n/a	8,930

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Personal Income is for San Mateo County because City information is not available. As such, calculating a percentage would not be valuable for Brisbane trend data.

(a) Current year decrease due to the dissolution of the redevelopment areas. The Debt was assumed by the Successor Agency



**City of Brisbane**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Gross Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percent of Assessed Value <sup>2</sup>	Per Capita
2003	\$3,780	\$382	\$3,398	0.28%	933.34%
2004	3,620	393	3,227	0.25%	879.19%
2005	3,265 <sup>1</sup>	40	3,225	0.24%	869.14%
2006	9,045	825	8,220	0.60%	2190.23%
2007	13,295 <sup>3</sup>	738	12,557	0.82%	3326.33%
2008	12,950	723	12,227	0.77%	3166.80%
2009	14,825	885	13,940	0.83%	3540.64%
2010	14,270	850	13,420	0.79%	3134.03%
2011	13,505	656	12,849	0.78%	3000.81%
2012	12,695	658	12,037	0.76%	2786.92%

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

<sup>1</sup>Lease Revenue Bonds

<sup>2</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California

<sup>3</sup> Pension Obligation Bonds

**City of Brisbane**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2012**  
(amounts expressed in thousands)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping Tax and Assessment Debt:</b>			
San Mateo Community College District	\$595,569,994	0.916%	\$5,455,421
Jefferson Union High School District	117,104,054	8.848%	10,361,367
Brisbane School District	7,145,437	63.987%	4,572,151
City of Brisbane 1915 Act Bonds	8,355,000	100.000%	8,355,000
<b>Total Gross Overlapping Tax and Assessment Debt</b>	<b>728,174,485</b>		<b>28,743,939</b>
<b>Direct and Overlapping General Fund Debt:</b>			
San Mateo County General Fund Obligations	324,979,816	0.916%	2,976,815
San Mateo County Board of Education Certificates of Participation	11,945,000	0.916%	109,416
City of Brisbane Certificates of Participation	9,400,000	100.000%	9,400,000
City of Brisbane Pension Obligations	3,295,000	100.000%	3,295,000
<b>Total Direct and Overlapping General Fund Debt</b>	<b>\$349,619,816</b>		<b>\$15,781,231</b>
<b>Gross Combined Total Debt</b>	<b>\$1,077,794,301</b>		<b>\$44,525,170 <sup>1</sup></b>

<sup>1</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brisbane. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics Inc

**City of Brisbane**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	Fiscal Year Ending				
	2003	2004	2005	2006	2007
Debt Limit	\$ 32,496	\$ 34,310	\$ 35,586	\$ 38,702	\$ 42,144
Total net debt applicable to limit	3,780	3,620	3,265	9,045	13,114
Legal debt margin	\$ 28,716	\$ 30,690	\$ 32,321	\$ 29,657	\$ 29,030
Total net debt applicable to the limit as a percentage of debt limit	11.63%	10.55%	9.17%	23.37%	31.12%

Legal Debt Margin Calculation for Fiscal Year 2012:

Assessed value<sup>1</sup>

Add back: exempt real property<sup>1</sup>

Total assessed value<sup>1</sup>

Debt limit (3.75% of total assessed value)

Debt applicable to limit:

General bonded debt

Less: Amount set aside for repayment of  
general bonded debt

Total net debt applicable to limit

Legal debt margin

Note: Under state finance law, the City of Brisbane' outstanding debt should not exceed 3.75 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general ob

<sup>1</sup>Source: California Municipal Statistics Inc  
Assessed Value excludes incremental assessed valuation applicable to the Brisbane Community Redevelopment

City of Brisbane has no general obligation bonds.

Fiscal Year Ending				
2008	2009	2010	2011	2012
\$ 44,433	\$ 63,251	\$ 63,682	\$ 61,904	\$ 59,802
12,800	13,940	13,420	12,849	12,037
<u>\$ 31,633</u>	<u>\$ 49,311</u>	<u>\$ 50,262</u>	<u>\$ 49,055</u>	<u>\$ 47,765</u>
28.81%	22.04%	21.07%	20.76%	20.13%

1,594,725

-

1,594,725

59,802

12,695

658

12,037

47,765

**City of Brisbane**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	Water Revenue Bonds			Debt Service Requirements			Coverage %
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Total	
2002-2003	\$2,749	\$2,479	\$270	\$0	\$0	\$0	0.000%
2003-2004	2,577	2,538	39	0	203	203	0.19%
2004-2005	2,828	2,498	330	85	202	287	1.15%
2005-2006	3,789	2,286	1,504	95	199	294	5.11%
2006-2007	3,514	2,271	1,243	95	196	291	4.27%
2007-2008	4,393	3,143	1,250	95	193	288	4.35%
2008-2009	4,084	3,317	767	100	189	289	2.65%
2009-2010	3,939	3,393	546	100	186	286	1.91%
2010-2011	4,041	3,208	832	105	182	287	2.90%
2011-2012	4,463	2,964	1,499	115	178	293	5.12%

**City of Brisbane**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (in millions)	Per Capita Personal Income	Labor Force	Unemployment Rate
2003	3,640	\$36,467	\$52,235	369,900	5.90%
2004	3,670	39,409	56,550	364,500	5.00%
2005	3,710	43,755	62,680	363,800	4.30%
2006	3,753	46,882	66,839	367,700	3.7%
2007	3,775	50,610	72,941	370,100	3.8%
2008	3,861	49,417	70,211	373,000	4.8%
2009	3,937	46,681	65,414	374,100	8.4%
2010	3,993	47,947	66,629	374,900	8.8%
2011	4,282	50,597	69,577	383,300	7.9%
2012	4,319	n/a	n/a	388,500	7.1%

Notes:

<sup>1</sup>

Source: State of California Employment Development Department, San Mateo County

<sup>2</sup> Source: California Labor Market Info for San Mateo County. Data not available for 2008 and 2009

<sup>3</sup> Source: California Department of Finance

<sup>4</sup> 2010 U.S. Census

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**City of Brisbane  
Principal Employers  
Current Year and Ten Years Ago**

<b>Employer</b>	2012 <sup>1</sup>			2003 <sup>2</sup>		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pepsi Bottling Group	380	1	5.75%			
Sunset Scavenger Co/Recology	350	2	5.30%			
VWR Corporation	272	3	4.12%	300	4	n/a
Bi-Rite Foodservice Distributors	259	4	3.92%	250	6	n/a
XOJet	250	5	3.79%			
Monster Cable Products Inc	242	6	3.66%	700	1	n/a
Expeditors Intl of WA Inc	223	7	3.38%			
Collab.net Inc	212	8	3.21%			
Ipsen Biopharmaceuticals Inc	212	9	2.88%			
Fong Brothers Printing	190	10	2.65%	300	2	n/a
Shopping.com (California) Inc	175	11	2.50%			
Glam Media Inc	165	12	2.12%			
Bebe	140	13	1.82%			
Lincoln Broadcasting Co	120	14	1.77%			
PSI Group - California	117	15	1.61%			
Intermune	106	16	1.59%	130	11	n/a
Purcell-Murray Company Inc	105	17	1.50%			
Hitachi America LTD	99	18	1.50%	300	3	n/a
SFO Apparel	99	19	1.47%			
Aircraft Technical Publishers	97	20	0.00%	150	7	n/a
Walmart.com				300	5	n/a
Future Network USA				150	8	n/a
F.W. Spencer				150	9	n/a
IGN Entertainment				150	10	n/a
Wily Technology				125	12	n/a
Charles Schwab				111	13	n/a
Exel Global Logistics				100	14	n/a
Sierra Point Lumber				100	15	n/a
<b>Total Employment (Estimated)</b>	<b>6,604</b>					

Source:

<sup>1</sup> City of Brisbane Business License data (self reporting)

<sup>2</sup> Brisbane Chamber of Commerce (self reporting)



**City of Brisbane**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

	June 30				
	2003	2004	2005	2006	2007
<b>Function:</b>					
General government	12	12	11	11.51	12.01
Public safety:					
Police	20.11	20.11	20.11	20.11	20.61
Fire	13.55	13.55	13.55	12.55	13
Public works and Municipal Utilities	17	18.25	18.5	21.5	22.5
Community development	5.6	4.6	4.4	5.4	5.9
Parks and recreation and Marina	27.08	25.58	24.92	24.92	25.13
<b>Total</b>	<b>95.34</b>	<b>94.09</b>	<b>92.48</b>	<b>95.99</b>	<b>99.15</b>

Source: City of Brisbane Base Budget

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June 30				
2008	2009	2010	2011	2012
13.01	14.01	13.55	11.25	10.82
20.61	20.61	17.99	15.11	15.11
13	13	10	10	10
22.5	22.5	19.5	15.5	15.5
5.9	5.9	4.9	4.9	4.4
25.45	25.45	24.2	23.7	24.31
<u>100.47</u>	<u>101.47</u>	<u>90.14</u>	<u>80.46</u>	<u>80.14</u>

**City of Brisbane**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Police</b>					
Response time to :					
Extreme Emergencies	4:30	4:52	4:20	3	4:27
Emergencies	6:20	6:12	4:16	5	4:22
Non-Emergencies	14:20	12:07	6:12	15	6:46
Number of victims per 1,000 citizens or business	n/a	n/a	22	28	31
<b>Fire</b>					
Number of calls answered	664	649	620	595	586
Number of inspections	516	516	516	526	535
<b>Public Works:</b>					
Percent of tripping hazards corrected within 1 month	100	100	100	100	100
Percent of damaged street signs replaced within 1 month	100	100	100	100	100
Percent of facilities maintained relative to Maintenance Program	95	95	100	100	100
Number of Building and Park Maintenance service requests received					
Number of Graffiti on Public Property requests for service					
Number of Sidewalk Maintenance/Trip Hazard service requests					
Number of Street Tree service requests					
Number of Street-Sign/Light/Traffic Signal service requests					
Number of Weeds, Trash and Debris on Public Property service requests					
<b>Water</b>					
Total Water Purchased					
Number of main breaks and repairs					
Number of service breaks (city side) and repairs					
Percentage of water samples that pass health standards	100	100	100	100	100
Percentage of water storage tanks cleaned and inspected	n/a	n/a	100	100	100
Percentage of reported broken water meters replaced	n/a	n/a	100	100	100
Percentage of backup emergency generators inspected and tested at critical water facilities					
Percentage of known water main valves exercised					
<b>Sewer</b>					
Average Daily sewage flow (thousands of gallons)	372	356	376	393	353
Total annual sewage flow					
Number of sewer line blocks/breaks					
Percentage of sewer blockages cleared within:					
4 hours	100	100	100	100	100
12 hours	100	100	100	100	100
<b>Community Development:</b>					
Total permit valuation (\$000)	16,275	8,158	27,197	9,221	10,155
<b>Parks and Recreation:</b>					
Community/Special Events (Concerts in the Park, Festival of Lights, etc.) number of events	n/a	n/a	8	7	6
Sports Programs (e.g. basketball, softball): number of sports					
Youth	n/a	n/a	8	8	15
Adult	n/a	n/a	2	2	2
Classes: (number of programs)					
Adult	n/a	n/a	10	11	10
Youth	n/a	n/a	2	5	5
Youth & Adult	n/a	n/a	1	1	3
Child Care programs (Average Enrollment):					
Preschool	n/a	n/a	10	9	13
Afterschool	n/a	n/a	42	40	62
Day Camps (Average Enrollment)	n/a	n/a	73	78	59
Spring					
Summer					
Winter					
Teen Programs (number of programs)	n/a	n/a	11	10	15
Aquatic programs (Enrollment/attendance):					
Summer swim lessons	n/a	n/a	475	335	852
Water aerobics	n/a	n/a	111	64	96
Senior Center (Enrollment/attendance) Programs	n/a	n/a		154	184
All programs					

Notes: Indicators are not available for the general government function.

Fiscal Year				
2008	2009	2010	2011	2012
4:22	4:26	4:26	3:07	3:31
3:51	4:12	3:48	6:28	3:37
6:16	6:14	5:50	9:07	6:10
30	30	30	33	32
653	618	663	619	667
533	471	449	558	423
100	100	100	100	
100	100	100	100	
100	100	100	100	
				77
				1
				5
				21
				30
				20
	302,631 ccf	276,478ccf	275,884ccf	280,650ccf
	1	2	1	3
	7	1	3	9
100	100	100	100	100
100	100	100	100	100
100	100	100	100	100
	100	100	100	100
	100	100	100	58
352	334	340	356	326
			173,925ccf	159,052ccf
		15	10	12
100	100	100	100	100
100	100	100	100	100
15,513	6,613	9,890	5,424	9,101
4	9	6	6	6
13	12	13	13	14
2	2	3	3	3
8	7	11	10	12
3	2	4	7	5
4	2	separated		
16	17	20	20	20
44	63	64	66	69
56	60	67	60	
				33
				56
				27
7	9	7	5	9
909	812	778	780	579
65	29	9/day	7/day	6/day
198		37/week	37/week	38/week
		8	7	7
	73	64	64	65

**City of Brisbane**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Public Safety:</b>					
Police:					
Stations	1	1	1	1	1
Patrol units	5	5	5	5	5
Fire:					
Fire Stations	1	1	1	1	1
Fire Engines	3	3	3	3	3
<b>Public Works:</b>					
Streets (miles)	23	23	23	23	23
Streetlights	782	782	782	790	790
Sanitary Sewers (linear feet)	80,362	80,362	80,362	80,712	80,712
Water Lines (linear feet)	132,570	132,570	132,570	132,570	132,830
Water Storage (million gallons)	2.7	2.7	2.7	2.7	2.7
<b>Parks and Recreation:</b>					
Parks acreage	53.98	53.98	54.48	54.98	57.98
Parks	13	13	14	15	15
Swimming pools	1	1	1	1	1
Open Space acreage <sup>1</sup>	156.68	156.68	156.68	156.68	184.68
Wetlands	127.75	127.75	127.75	127.75	127.75

Note: No capital asset indicators are available for the general government or community development functions.

<sup>1</sup> Source: 2001 Brisbane Open Space Plan

2008	2009	2010	2011	2012
1	1	1	1	1
5	5	5	5	5
1	1	1	1	1
3	3	3	3	3
23	23	23	23	23
790	790	790	790	790
80,712	80,712	80,712	80,712	80,712
132,830	132,830	132,830	132,830	132,830
2.9	2.9	2.9	2.9	2.9
57.98	57.98	57.98	57.98	57.98
15	15	15	15	15
1	1	1	1	1
184.68	184.68	184.68	184.68	184.68
127.75	127.75	127.75	127.75	127.75

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